

Adoption of Corporate Social Responsibility in a Large International Financial Corporation in Switzerland from the Triple Bottom Line Sustainability Viewpoint

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Dedication

Two women of extraordinary personalities shaped my life:

my mother, Parvin Daftari, who devoted her life for the education and well-being of her children and

my beloved wife, Farnaz Kalaie (2012⁺), who encouraged and passionately supported me for this study but did not wait ...

With deepest gratitude, this work is dedicated to them.

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Acknowledgements

As a German-Iranian national, socialised in Iran's 1970s and in the turbulent years of Germany's 1980s, I developed a strong interest in the complex elements of social science while studying Electrical Engineering, Software Engineering, and Telecommunications in Berlin during the fall of the Berlin wall in 1989. Various social movements in the 1980s, such as global peace in reaction to the Cold War, green movements and environment protection, Human Rights initiatives, etcetera, on the one hand, and the meteoric development and penetration of Information Technology into all aspects of the society and human life in which I was involved as an engineer on the other, sensitised me to the social responsibility aspect of technology and the ethical role of individuals like myself in such fields. But it was the Doctorate of Business Administration (DBA) programme at the University of Liverpool that initiated a 'quantum jump' in my way of thinking from natural and engineering sciences to the social sciences, from a scientific/positivist way of looking into society and the organizational life to the pluralistic and relativist viewpoints. This is to recognise the curriculum of this programme.

This thesis was the successor of several modules at the School of Management of the University of Liverpool, each of which contributed to my development. I am thankful to all the tutors and supervisors who guided me through this path. Week by week my passion for these subjects increased, opening new windows in my mind.

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Abstract

In the context of globalisation and the increasing power and impact of globally acting corporations on the environment and societies, the concept of Corporate Social Responsibility (CSR) is gaining central importance. CSR is, however, a difficult term to define and understanding of its concept varies among stakeholders. In this way, its absorption and adoption into a corporation could vary depending on the particular conditions, such as market segment, management paradigm, regulations and other societal and environmental conditions. As a comprehensive concept, Triple Bottom Line (TBL) sustainability provides a holistic framework for a comprehensive CSR policy implementation within a global context considering environmental, societal, and economic aspects. TBL suggests that these aspects are interwoven and cannot be managed separately. The level of adoption of a TBL-based CSR policy could be, therefore, an indication of the degree of a sustainable business conduct.

This thesis assesses the current level of adoption of a TBL-based CSR policy in a global financial corporation headquartered in Switzerland by a) assessing employees' perception of the impact of various CSR-related aspects on corporations' financial and operational performance and b) the managerial perceptions and the position of the dominant management paradigm in relation to CSR. The thesis considers the corporation as a social organization comprising aspects of complexity. With these lenses, the requirements of a TBL-based CSR policy are discussed and contrasted with the functionalist dominant management paradigm, which is perceived and assumed as shareholder value-oriented and as being focused solely on profit maximization.

A survey among the employees has been conducted capturing the individual employee's perception of sustainability and the involved values for their judgment of the corporation's performance indicators. Furthermore, a series of interviews with four directors in charge of CSR activities have been conducted on their perception of CSR, its implementation within the corporation and on managerial aspects in dealing with CSR. The analysis results of both studies were presented to these directors in the joint analysis and reflection sessions with the aim of capturing emerging additional insights, generating actionable knowledge, and specifying actions for change where possible.

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1 Introduction

In today's globalised business world Corporate Social Responsibility (CSR) is not only becoming increasingly important for corporations but also its scope and perspective are increasingly broadening (Kudlak & Low, 2015). CSR is, however, a term that is difficult to define uniquely as its scope and perception vary depending on the particular business field and operational setting, societal and natural environment, national or international regulations. CSR is perceived, according to Roszkowska-Menkes (2016), as 'knowledge in a continuing stage of emergence' without universal definitions, a dominant paradigm, assumptions, or methods (Roszkowska-Menkes, 2016, p. 96). Furthermore, as Costa & Menichini (2013) emphasise, the understanding of CSR could also vary among stakeholders, which affects how CSR is perceived, absorbed, adopted, and implemented within a corporation and how it is related to overall organizational performance (Costa & Menichini, 2013).

CSR is also influenced by the sustainability term, its perception, and implementation at the societal level, locally and globally. According to Vallance et al. (2011), sustainability itself has undergone from its initial focus on environment protection a process of re-definition and scope change to become a comprehensive theory covering societal as well as environmental aspects (Vallance et al., 2011). Therefore, the evolutionary meaning of the sustainability term and its impact on CSR on the one hand and different perceptions of CSR on the other creates a complexity in its handling and implementation in a corporation.

So far, the importance of a comprehensive CSR policy implementation becomes clearer when considering that globally acting corporations operate in various natural and societal environments facing different social and political systems, requirements, and regulations. These corporations have increasing impact on societies and on nature at a global scale. This increasing power of global corporations, the concerns about the scarcity of natural resources, the financial crises of recent years, and various tensions in societies have all led to high attention on CSR and its global dimensions. Various authors find that within the globalised business world CSR has gained global dimensions, too (Bair & Palpacuer, 2015; Becchetti, Ciciretti, Dalò, & Herzel, 2015).

According to Beck (2000) the increasing power of global corporations has eroded the power and the position of national states (Beck, 2000, in Kudlak & Low, 2015). Matten and Crane (2005) describe corporations as operating under repressive regimes and in zones of conflicts, instead of being embedded in a functioning and democratic political context. In addition, in countries with weak or not-willing governments to regulate the production activities sufficiently, the global corporations extend their operations. Governmental regulations fall behind or remain nationally

bound (Mattan and Crane, 2005, in Schrempf-Stirling, Palazzo, & Phillips, 2016). Summarising the aforementioned, this shows the critical position of global corporations, in particular the financial industry, in all aspects of CSR and the importance of CSR implementation and adoption. This is the first motivating aspect for inquiry in my thesis.

Another aspect regarding the role of global corporations came to public attention after the financial crises of recent years. According to Arnold (2009), international corporations, and in particular financial institutions, have been accused by public opinion and academics of still practising a “neoclassical economic thought” as an “unquestioned doctrine” and creating and supporting “irresponsible lending practices, financial engineering, bogus bond ratings, opaque financial instruments, and the growth of a systemically dangerous shadow banking system” (Arnold, 2009, p. 803). In addition, the profit-maximizing business strategy without respect for environmental and social stakeholders is being increasingly criticised (Allio, 2011; Lagoarde-Segot, 2015; Mintzberg, Simons, & Basu, 2002; Sheppard, 2013).

Proponent voices, on the other hand, have always stated that this business practice was justified by the shareholder value paradigm. According to Milton Friedman (2007), the managers have only economic responsibility to the shareholders and investors. The only social responsibility the proponents of shareholder value see, is a transparent business with free competition without deception or fraud (Friedman, 2007). Concentrating on this single-focused view of shareholders as the only stakeholders on the one hand, and the increasing power of global corporations resulting in higher responsibility on the other, the important positioning of the management paradigm of globally acting corporations, such as in the focal organization under study (IFC) in this thesis gains key importance. Brannick and Coghlan (2007) describe the dominant management paradigm in the business world as being functionalist (Brannick & Coghlan, 2007). Looking into the paradigmatic managerial implications with the focus on CSR agenda forms the second motivating aspect for inquiry in my thesis.

In addition to the before-mentioned diversity of the definition of sustainability term and CSR perceptions, paradigmatic differences in management viewpoints add to the complexities of how to deal with issues that result from the globalization process and CSR requirements. Wood (1991) notes that managers’ perceptions vary in dealing with CSR in decision-making (Waldman et al., 2006). This suggests that the diversity depends on the management paradigm, market conditions, business fields, company-specific policies, or other aspects. Hence, a management paradigm based on profit maximization can be contrasted with a long-term management strategy compliant with the requirements of CSR.

1.1 Motivation

I joined the focal organization, called in this thesis International Financial Corporation (IFC), in 2014 as an external IT programme manager for the delivery of various global IT projects. In this position, I had to deal with different departments including the core business areas, product marketing, customer services, corporate responsibility, and certainly IT-related departments. In order to deliver my IT programme, I had to analyse and understand internal processes, sometimes in every detail. With the sustainability and social responsibility subject in mind and with the perception that attributes, such as functionalism, shareholder value, or short termism dominate the business practice of a globally-acting financial institution, the questions arose of how IFC perceives sustainability and CSR aspects, and how, and to what extent, they are implemented and adopted.

Various aspects of sustainability, in IFC's term *corporate responsibility*, are managed and operated in IFC within four different departments, and some other groups in different branches of the organization, without a direct and systematic link to each other. It was, therefore, of interest to understand a) why these departments are separate, when considering that CSR, in particular Triple Bottom Line (TBL) as a comprehensive concept of CSR, is perceived in the literature as a paradigm, b) how a general CSR strategy, if it exists, could be planned and implemented, and finally c) what challenges IFC management is facing when dealing with CSR aspects.

1.2 Purpose of the thesis

This thesis aims to explore the adoption of TBL-based CSR at IFC. In order to do this, for the first step, the perception of the employees on CSR-related items and on organizational performance indicators, such as perceived organizational support, operational performance, and corporate financial performance is examined through a survey. It is assumed that the individual employees build their judgment and values by applying their own environmental consciousness when perceiving IFC's ethical leadership and sustainability policies and regulations in order to build their judgment of the organizational performance. For the second step, the directors of four CSR departments participated in an interview and in the succeeding joint discussion and analysis process. Their views on CSR, its implementation at IFC, the recent economic crises, such as those after the Millennium and the financial crisis in 2008, as well as the managerial challenges around these topics are captured in a series of interviews and analysed. Together with these directors, the results of the survey and the interviews are discussed in a series of joint discussion and reflection sessions with the objective of the creation of actionable knowledge and generation of actions for change.

1.3 The focal organization

The organization under study, called in the thesis International Finance Corporation (IFC), is a large international corporation in the financial industry with around 50,000 employees, headquartered in Switzerland and with global operations. IFC offers financial services, such as investment banking, asset and wealth management, and financial consulting. As a global finance corporation, IFC was impacted by the global crises of recent years and their consequences.

In their publications, IFC define four areas of *Corporate Responsibility* as being responsibilities in society, banking, the environment, and as an employer for the employees. The basis of this understanding is the company's *Code of Conduct*. Within IFC four different departments in different branches of the organizational structure without direct link to each other are in charge of CSR with activities, such as charity and philanthropy, caring about disabled employees and customers, corporate citizenship, microfinancing, environmental protection activities, or risk assessment of transactions with ethical focus.

1.4 Research questions

The dispersion of CSR-related activities raised an initial question about how CSR is perceived and actioned within IFC, and furthermore, what the impact of CSR activities is on the core business, if any. The latter question was of specific interest when considering the financial crises around the Millennium and in 2008 and the role of the finance industry. These were the initial research questions to investigate and to explore possible answers in order to see how the notion of Triple Bottom Line (TBL) might have a different impact on IFC's organizational practice as one possible way to change.

TBL, presented by John Elkington (1998) considers three aspects of environmental protection, social justice, and business profitability as compliant with each other. According to this concept, the business organization would not compromise profit in the long term if it would consider environmental protection, social justice, and caring for society. In fact, various reports show increasing interest of public opinion as well as business organizations in TBL. For me, it was of great interest to see how aspects of TBL are perceived within IFC or, in other words, whether the shortcomings of the current business conduct could be explained by a TBL-based reasoning. In addition, with regard to the past global financial crises and their consequences, and various legal actions in different countries against large financial institutions, it was of interest to analyse whether there is a link to the short-termist management, to the crises, and to the practice of CSR. What is the opinion of managers on the past crises, what is their understanding of CSR, and is there

a link between their perception and CSR implementation within IFC? In short, I was attracted to analyse the level of adoption of CSR from a TBL-based point of view at IFC.

For this purpose, this thesis focuses on the perception of employees and managers concerning the adoption of a TBL-based CSR policy, its impact on the organizational performance, and on the related managerial aspects with the focus on functionalism in dominating IFC's management paradigm. The proposition is that a business practice, which is compliant with the requirements of a TBL-based CSR policy, would be sustainably profitable, too. The thesis examines the extent of CSR adoption in the business life of IFC and the related challenges.

1.5 Researcher's position and the level of autonomy

With about 25 years of professional experience in high-tech global corporations, the increasing interest in managerial aspects of international companies, and with the focus on issues, shortcomings, and recent crises, I felt that looking into managerial aspects through a TBL-based CSR lens contributes and attracts attention to the broad fields of strategic management. My interest in CSR comes from my past managerial experience, my interests in complexity theories in social sciences, and the benefits I felt in developing a holistic view to organizations and to the managerial aspects.

I stayed for 13 months at IFC managing a large global IT infrastructure programme within the scope of my previous profession. During this period, I was engaged in the daily business practice within the organization, interacted with various departments including those related to CSR, and had access to necessary information (for example, CSR reports, internal studies, annual and financial reports). In this way, I was able to get familiar with the company-specific terminology and its particular meanings. Furthermore, I built a relationship with the directors who participated in the study. As an external programme manager for the IT projects, I did not have the autonomy to plan and take actions for change but by engaging the participating directors in the study who showed interest and had the necessary autonomy to plan and take actions, the study in this thesis contributes to changes within IFC.

1.6 Organization of the thesis

The research work in this thesis develops the study model around two propositions: 1) employee orientation is compatible with CSR in general and influences the corporation's performance, and 2) managers adopting CSR and implementing CSR-oriented decision-making processes, contribute to the socially responsible and profitable business conduct by sustainable innovations and by creating market differentiators. These propositions are in line with TBL theory.

The literature review is presented in chapter 2, discussing CSR within the context of TBL sustainability. This chapter also introduces the fundamental aspect of business organization as being not only a functional one but also as being a social organization with interactions with the surrounding social environment. In this light, the theories of Shareholder Value and Stakeholder Management are brought into the discussion, and, finally, a framing discussion on the dominant management paradigm is presented and summarized with the focus on the CSR agenda. All subjects presented and discussed in the literature review chapter build the theoretical foundation of the thesis.

Chapter 3 presents the design of the research, which is based on a mixed-methods approach with two study parts. Part one in chapter 4 is a survey among the employees. It examines the existence and the extent of the impact of several factors on corporate financial performance. The proposition is that employees' perception of well-being and of responsibly acting business conduct positively influence IFC's performance indicators. This is the message of a CSR policy based on TBL theory, contrasting the functionalist management paradigm that sees any focus on sustainability as external to the organization and as an additional operational expenditure.

In chapter 5, the perception of the managers on CSR items, the daily CSR practice, and the paradigmatic management positions towards CSR are analysed. In the interviews, the aspects of TBL-based CSR, their implementation within the corporation, and the link to various past and current economic crises are captured and examined.

Chapter 6 presents my interactions with the participating directors in the form of joint discussion and analysis sessions, reflecting upon, reasoning and making sense of the results and capturing emerging insights with the joint target of creating actionable knowledge and generating actions for change.

Throughout the DBA study and this thesis, I have gone through a fundamental change of mindset and skill development being a scholar practitioner. This process is presented and summarized in chapter 7.

The standard questionnaires used in the survey are listed in Appendix: The Questionnaires.

2 Literature Review

In this chapter, I am reviewing and discussing the existing academic literature around the core theoretical subjects framing my thesis and shaping the research questions. Corporate Social Responsibility (CSR) is discussed here within the context of the *sustainability* term. Furthermore, I am presenting current discussions on the dominant management paradigm and its limitations with regard to CSR together with the dilemmas managers face when dealing with CSR aspects. In this light, functionalism is in my focus of discussion as the dominant paradigm in management and as one of the causes for the shortcomings of managers when dealing with complex subjects, such as CSR. Within this light, I present the existing selective viewpoints on CSR in the literature contrasting them with the necessity of a holistic treatment of CSR. Triple Bottom Line (TBL) theory is then presented as a comprehensive sustainability theory and a possible framework to improve the adoption of a TBL-based CSR within IFC and to enable managers in addressing the shortcomings and taking actions for change.

2.1 Corporate Social Responsibility (CSR)

Substantial impact of globalization on the environment and on society on the one hand and recent financial crackdowns and scandals on the other, have raised public scrutiny into large corporations calling them to demonstrate their responsibility towards nature and society. As Asilsoy (2012) summarizes, CSR is based on the *sustainability* term that emerged in the 1960s as a key concept with a broad spectrum of perceptions and expectations, such as environment protection, urban planning, ecology, local food and agriculture, renewable energy (Asilsoy, 2012). The focus of the sustainability at that time was, however, on the environment and its scarce resources, climate issues, and on the role of society and organizations in affecting the natural environment. Furthermore, the semantic link between various perceptions of the *sustainability* term was unclear. In order to provide a comprehensive definition of sustainability, the Brundtland Commission to the United Nations defined later in 1987 the term ‘sustainability’ in a broader scope: “Sustainable development implies meeting the needs of the present without compromising the ability of future generations to meet their own needs” (The Brundtland Commission to the UN, 1978, in Dhiman, 2008, p. 51). This first call for sustainability is recognised in the literature as the initiator of the debates on this concept (Kuhlman & Farrington, 2010). With this general definition, the main perception was focused on preserving biological diversity, on encouraging the rehabilitation of the degraded ecosystem, and monitoring the environmental protection activities (*IUCN, 18th General Assembly: Proceedings*, 1991).

Although the initial perception of *sustainability* was narrow-viewed and focused only on environment protection, the notion evolved over time towards being a holistic concept. According to Ben and Martin (2010) in the Rio Declaration of United Nations Environment Program in 1992, Principles 3, 4, and 10, the *holistic* and *participatory* characteristics of the term *sustainability* as well as its value-based and interdisciplinary nature are key formulations (Benn & Martin, 2010). These principles refer to the intersection between ecological, economic, and social imperatives (Burch, 2010). The authors cited above highlight the aspects of holism, participatory, interdisciplinary, and value-based characteristics of sustainability. These aspects describe in my view the key features of the term *sustainability* to date, and which are also reflected in the concept of Corporate Social Responsibility (CSR) when *sustainability* is in focus within a corporation.

Raising attention on sustainability and CSR in the business world, a survey ‘UN Global Compact - Accenture’ in 2010 on sustainability which included a large number of the CEOs, reported that “93% of CEOs believe that sustainability issues will be critical to the future success of their business” (Lacy, Cooper, Hayward, & Neuberger, 2010). In my view, this high percentage of CEOs’ concerns does not necessarily imply that this awareness is reflected in their business practices and in the implementation of CSR in corporations. However, it shows that the concerns and awareness of the sustainability-related issues and CSR are growing at the right level in the economy and in corporations. In my understanding, Lacy et al. (2010) also highlighted the complex nature of sustainability and CSR, showing that the awareness of managers of the complexity is growing, too (Lacy et al., 2010). Here I see an initial indication of a tension between the conflicting business life realities based on profit maximization on the one side and the complex subject of CSR and its requirements on the other. This presents a dilemma for senior management.

In summary, there is a trend visible that the general awareness of the holistic and collaborative nature of the terms *sustainability* and CSR, as well as on their three-pillar construct of society, environment and profitability, is increasing. Sustainable development requires a holistic viewpoint and treatment to be reflected in the requirements of how to integrate CSR in corporations’ life.

2.2 Current discourses on CSR

Considering the term CSR as an *umbrella term* (Scherer & Palazzo, 2007), it is inevitable that similar discourses exist in management science too. In their conceptual paper, Scherer and Palazzo (2007) review existing discourses in the CSR field dividing them into ‘*positivist*’ and ‘*post-positivist CSR*’ with the latter consisting of four groups: a) ‘*Non-positivist CSR*’ with a monological conception based on humanities and with radical distance from the empirical methods

of positivist management research with Hobbes, Kant, and Rawls as philosophical representatives, b) '*Postmodern CSR*' as a discursive discipline with relativistic ideology with Derrida, Foucault, and Lyotard as representatives, c) '*Habermas CSR*', based on his *Critical Theory* (1960s-1980s), and finally, d) '*political CSR*', based on late Habermas' *political theory* (1990s-today) and *deliberative democracy* (Scherer & Palazzo, 2007).

Burrell and Morgan (1979) characterize the positivist CSR as *functionalist* (1979, in Scherer & Palazzo, 2007). My focus in this literature review is on the two ends of this continuum, namely *positivist CSR* because it is reflected in functionalism and the dominant management paradigm is considered as functionalist (Brannick & Coghlan, 2007) and on the *political CSR* critiques. These two schools of thoughts dominate the current paradigmatic discussions in business practice when dealing with CSR.

Scherer & Palazzo (2007) consider positivist CSR studies as compatible with the functionalist management paradigm. According to the authors, the functionalist management paradigm has an instrumental view into CSR, and the related CSR studies try to uncover causal relationships and correlations by using the empirical methods of natural science (Scherer & Palazzo, 2007). In contrast, the normative and non-positivist CSR research is based on "moral evaluation, judgement, and prescription of human action" (Swanson, 1999, 507; Treviño and Weaver, 1994, in Scherer & Palazzo, 2007, p. 1097). They argue that the functionalist viewpoint is incapable of defining the role of business in society and express a demand for a paradigmatic shift. It tries to produce technical knowledge of the corporation and its role in society by providing measurement instruments, such as Corporate Social Performance (CSP), with an instrumental view to all stakeholders. The functionalist paradigm provides only the description and explanation of the norms but not the justification of the norms nor a critical questioning of them, it fails together with the CSP model to "integrate normative perspectives in their descriptive focus" (Whetten et al., 2002, 384, in Scherer & Palazzo, 2007, p. 1099).

This aspect is important to me when analysing and discussing further in section 2.4 the selective views into CSR while considering the CSR activities at IFC suggest IFC's selective view into CSR.

Scherer & Palazzo point to the incapability of the functionalist view to provide good moral grounding for CSR (Scherer & Palazzo, 2007, p. 1097). Functionalism is considered as the dominant management paradigm at IFC, discussed in the next section 2.3. This is a central aspect to me to consider the impacts of functionalism when looking into CSR. It is a functionalist principle to employ only facts and figures, ignoring the ethical justification in the analysis (Shrivastava, 1986,

in Scherer & Palazzo, 2007). Involving values in the analysis is seen in functionalism as an active engagement of the observer into the observed processes and, as such, biasing the results, making them invalid. It is, furthermore, the reductionist approach of functionalism in breaking down complex processes into smaller pieces and facts, in the belief of having them simplified for better understanding. Complexities of social processes including values are lost in such a simplistic approach because they cannot be presented in facts and figures.

Based on later Habermasian *Deliberate Democracy*, however, the authors propose an alternative *discursive approach* to CSR as promising to define CSR as a political actor in the globalised world. This late-Habermasian concept is of interest in this literature review. Without getting into a discussion of deliberative democracy, which is out of the scope of this thesis, the corporation is perceived in this context as a politicised actor. A deliberative CSR concept reflects the discursive link between civil society and the state by the democratic integration of the corporation's use of power in the transnational context of incomplete legal and moral regulation. Thus, according to Scherer and Palazzo (2007), the CSR scope shifts from "an analysis of [the] corporate's reaction to stakeholder pressure, to an analysis of [the] corporate's role in the overarching processes of (national and transnational) public will formation and these processes' contribution to solving global environmental and social challenges" (Scherer & Palazzo, 2007, p. 1108). The authors conclude that this concept has not yet been fully developed in management theories and needs further clarification of its implications and strengthening of its impacts. Reliable methods need to be developed for guiding corporations' political activities and their CSR policies (Scherer & Palazzo, 2007).

In response, and in contrast to Scherer and Palazzo (2007), Schreck and van Aaken (2010) argue that economic rationality should not stand in conflict with moral rationality, but should be aligned. The authors see it as a competitive disadvantage if moral behaviour prevails and refuses to pay bribes in bidding for sales contracts where this is widespread and accepted. As an approach for this the authors see a change at the constitutional level, such as the formal institution of law and legal regulation, in order to prevent companies gaining advantage through bribery, or other unethical practice (Schreck & Van Aaken, 2010). To me, leaving the regulation of ethical business conduct to legal regulation and thus to an institution external to the corporation suggests a functionalist attribute. Following the authors' arguments, paying bribes would be justified if it serves competitive advantage and if the law and regulatory bodies do not object. This suggests a functionalist position.

In my opinion, the viewpoint in the article of Schreck and van Aaken shows common patterns with the functionalist paradigm in requesting the state and government to regulate all

aspects external to the corporation and to shareholder value and profit maximization and by freeing the corporations from any proactive social and environmental responsibility. A central argument of the article of Schreck and van Aaken is that CSR activities should be profitable and not costly. This is in line with the functionalist viewpoint and profit maximization. Furthermore, the article does not provide an answer to the question of how economic and moral rationality could be aligned when the authors call in entities external to the corporation, such as authorities and law systems, to regulate violation against unethical behaviour. Even by following the article's argument of seeing the authorities in charge of regulating moral behaviour, a valid question remains: how can this be ensured in globally operating corporations, such as in IFC, in highly diverse and heterogeneous societal, governmental, and natural environments? How in the globalised arena, international corporations could be held responsible in countries where the constitutional framework is weak or corrupt? Numerous scandals of the financial industry and banks in recent years provide evidence that external regulation for ethical business conduct does not effectively prevent misconduct of business organizations. The LIBOR and currency exchange rate manipulations of the six European banks is a recent example.

In conclusion, the successful adoption of CSR is a complex subject and needs not only a holistic viewpoint but also a paradigmatic alignment of the corporation's management with CSR. Departing from the concept of political CSR and the article of Scherer and Palazzo (2007), I support the concept of 'corporations as social organizations' embedded in societies and in the natural environment in which they are acting. This concept a) provides a holistic view into CSR, b) opposes the functionalist understanding of corporations as 'organizations with clear boundaries and demarcations to the outside world', and c) supports the ethical justification of business conduct and leaves the responsibility with the corporation.

2.3 The dominant management paradigm and its limitations on CSR

The recent crises that led among other factors to an increasing public attention to sustainability and to the importance of its holism, have also called for a re-consideration of the entire management theory and practice (Epstein, 2005; Faugère, 2014; Lagoarde-Segot, 2015; Lazonick, 2012). A central viewpoint of this part of the literature is that the authors see the root cause for the crises in the financial industry in *functionalism* which dominates, in their view, the management paradigm.

According to functionalism, society consists of independent systems and parts. Those systems are stable and consist as an organic whole of parts and the relationship between the parts describes their characteristics and properties. Furthermore, there is an order within the system

which is stable and consistent, too (Talcott Parson, 1937, in Christensen & Krogman, 2012). Following this path of thought, a corporation is a functional organization created for a specific business purpose. The organization has to serve only the business model and strategy. According to Porter and Cordoba (2008) the business organization is seen as a system of related functional units, sub-units, and groups with a pre-defined functional description (T. Porter & Cordoba, 2008). In my perception, an organization in this context has a top-down functional structure, which can be precisely described in details and broken down into single activities and tasks, all at the service of investors and the interests of the shareholders. At the macro level the units, sub-units, and groups are seen as black boxes. The interactions with other black boxes and with the outside world would be pre-defined as inputs and outputs. This presents the functionalist principle of equilibrium and system stability. Accountability and plannability of business and management activities thus become important properties of management. If things go wrong then it is, through functionalist lenses, the evidence of the management incapability to foresee this in advance. On the other hand, it sounds simplistic to believe that the managers of Enron, WorldCom, or Lehman Brothers were just incompetent, as they came from prestigious highly reputed business schools. Moreover, Norman et al. (2004) mention that Enron had an exhaustive code of business conduct and ethical values (Norman et al., 2004). This is in my view not evidence of management incapability but of a management dilemma of being captured between the requirements of a complex business world on the one side and the simplistic viewpoints of shareholder value, profit maximization, and functionalism on the other.

As the corporation is seen as a functional organization rather than a social organization, the functionalist worldview doesn't account for the multi-faceted, contributing, and influencing nature of various factors of the organizational life which should be, instead, integrated into and reflected upon in the managerial practice and experience. Any other responsibilities than serving the business purposes are left to other institutions, such as government and other social entities. If CSR is considered within a functionalist context, it is perceived as additional cost and it has to serve the business, such as increasing the reputation with the public. With a reductionist approach, CSR activities would be divided in separate blocks with the possibility to select those activities suitable for business targets. This suggests the selective view into CSR.

2.4 Selective views to CSR

The intentions and motivations for the adoption of CSR as well as the starting point in corporations are manifold. A core paradigmatic motivating aspect of introducing CSR into the organizational life of corporations is around the question of whether the business is only for profit maximization without any other considerations, or whether the business should serve societal and environmental interests as well. Depending on the management paradigm as well as the business and societal environments (including the power of various interest groups), the scope of CSR in every corporation is different. Where some corporations are still dominated by a management paradigm focused on shareholder value and profit maximization, others consider social and environmental responsibility over a vast spectrum of foci or even, according to Falck and Heblich (2007), with a selective perception of CSR as a win-win rule serving the business purpose (Falck & Heblich, 2007).

With the term ‘selective view to CSR’, a view is meant that selects isolated CSR-related activities to be performed in a corporation in full conformance with the business strategy and agenda without conflicting with them. For instance, charitable activities, financial support of certain external organizations in the society, caring for the well-being of employees, could be performed without negative impact on the core business but positively supporting it, which could still be pursued based on profit maximization. The motivation for a selective view in such activities could be, for example, ‘greenwashing’ or increasing the public reputation.

In the empirical literature, there is a vast amount of research focusing on specific aspects of CSR in isolation and their selective implementation in corporations. Although CSR is widely considered as a complex subject needing a holistic view for its implementation, in my view a selective approach to CSR for the integration of certain CSR aspects under specific environmental, social and market conditions can also be pursued complementarily and embedded in the holistic long-term approach. However, a critical issue with such a treatment of CSR is that these actions are often seen as peripheral and do not greatly affect the corporation’s core business. This is a fundamental aspect to be considered when looking into the CSR activities of a corporation and it is the case at IFC, which is explored in my thesis.

So far, it is not necessarily a contradiction to positively consider selective CSR activities, provided the holistic viewpoint is considered in the long term. In the following section, I will discuss selective viewpoints in the empirical literature and contrast them with the holistic viewpoint to CSR.

2.4.1 Functionalist links to selective view into CSR

The selective view into the CSR concept is dominating the financial industry along with the functionalist focus of the dominant management paradigm on profit maximization. Within the selective treatment of CSR as a complex item and by breaking it down into functional blocks and features, those aspects of CSR are implemented and adapted that are beneficial for the increase in market reputation and do not have much impact on the core business, such as various charitable activities. Although I am of the opinion that the implementation of selected CSR-related items could be seen as positive in the short term, even if they are isolated, in the long term these actions do not lead to the fundamental change toward more social responsibility because they do not touch the core business. The main cause is rooted in the functionalist dominant management paradigm and its single focus on shareholders as the only stakeholder group. The substantial criterion of how to judge the implementation of selected CSR features in a corporation is whether they are embedded in a long-term paradigmatic change programme; away from the functionalist view into the corporation and toward a comprehensive view into the corporation as a social organization, away from short-termism in the core business toward the long-term business conduct, away from a single-focused profit maximization of the shareholders and toward the multi-focused profit view for all stakeholders in and outside of the corporation.

Considering all these challenges the managers are facing in their daily interactions with all stakeholders, it becomes clear that they are trapped between the CSR demands coming from all stakeholders in and outside of the corporations and the goals set by a management paradigm that has a shareholder-only and profit-maximizing focus. This situation requires a paradigmatic change in order to comply with today's requirements for more socially and environmentally responsible business conduct. The dilemmas are discussed later in section 2.6.2.

2.4.2 CSR for reputation

The proponents of profit maximization and shareholder value, according to several authors, consider the profit as the only measurement tool for business success and as the single mission of a business organization. In this view, any social or environmental involvement of corporations is considered as additional costs (e.g. in Chamberlain, 1975; Friedman, 1962, 1989, 2007, 2009; Gaski, 1985). However, today, regardless of management viewpoints, CSR is often viewed as a tool for enhancing a company's reputation and engendering goodwill among its customers. Chernev and Blair (2015) consider that actions for goodwill, even if unrelated to the core business, impact the reputation and product perception (Chernev & Blair, 2015). Thus, within the same profit-maximizing viewpoint, CSR activities could be part of the marketing strategy, which has also led

some corporations to see CSR as a tool for greenwashing. As an example, in 2005, General Electric announced a large sustainability programme called *Ecomagination*. The public's attention was attracted because GE announced that it would offer innovative solutions and products to benefit the customers, society, and the environment by solving environmental challenges (Dhiman, 2008). However, six years later in 2011, Allio (2011) reported: "GE recently reported with pride that 'We expect to have a small US income tax liability for 2010.' In fact, the company is going to pay little or nothing in federal income taxes for 2010. And the unambiguous reason for this is that GE's legal team took full advantage of various tax loopholes in the US tax code, some of which it lobbied Congress to adopt" (Allio, 2011, p. 5). In my view, CSR is used here as a marketing instrument for greenwashing, to announce green products and at the same time, to avoid paying taxes.

On the other hand, however, attempts to use CSR as a tool for enhancing reputation could also lead to real improvement processes within a corporation. Vigneau et al. (2015) examined processes initiated within multinational corporations when responding to the external demands of international bodies, such as the Global Reporting Initiative (GRI) or the United Nations Global Compact for CSR reporting. Their paper details the standardisation of CSR within the organization. With the target to be compliant with the reporting standards, a process of reporting and transparency was initiated leading to the perception of CSR reporting according to GRI, as a taken-for-granted norm with which to comply, and as a tool for performance assessment and transparency. Thus, CSR reporting is seen here as an important stakeholder providing legitimacy for the business (Vigneau et al., 2015). Although some scholars address that focusing only on sustainability reporting is misleading (e.g. in Shnayder, van Rijnsoever, & Hekkert, 2015), Vigneau et al. (2015) observe that the standardisation process for CSR reporting has also created unintended consequences for CSR management practices in the way that they perceive pressure for transparency and use the report to enhance their own CSR strategy (Vigneau et al., 2015). However, in my view applying CSR in such a way would be reactive rather than proactive. However, Vigneau et al. show here that the external pressure for CSR reporting causes a re-conceptualisation process within the organization, which cannot be ignored.

As this is a selective view to CSR and it contrasts the holistic viewpoint of sustainability, although not negligible, I am questioning how deeply this practice would influence the organizational life and how it could have an impact on the core business. The article leaves this question open. It also presents a functionalist viewpoint to CSR, in seeing the CSR reporting as a response to the pressure of stakeholders external to the corporation, such as the UN or other regulatory bodies. It is also within the functionalist viewpoint that the enhancement of the CSR

strategy as a consequence of the reporting, is considered as *unintended*, implying that the rest was intended and planned in advance.

An example in this context from IFC can be given here. IFC operates a department for the risk assessment of financial transactions. Based on the result of the reputational risk assessment, the department can make recommendation to the core business management to approve or disapprove a transaction. However, it is the decision of the core business management to follow this recommendation or not. If a transaction has been approved from the financial viewpoint, the only parameter that might be a blocking factor could be reputational damage in the public's view. However, the decision to approve or to reject is with the business department and not with the risk assessment department. It suggests that ethical viewpoints are seen as external to the core business and to the organization. However, reputational damage and public pressure matter.

2.4.3 CSR for business and society with net-benefit focus

By criticising the profit-maximization management paradigm and calling it a “single dimensional entity of profit maximization”, Quazi and O'Brian (2000, p. 33) introduce a ‘second dimension of social responsibility’ into the CSR concept and present a two-dimensional model that consists of profit generation and social responsibility, including philanthropy. In this model, the protection of the environment and scarce natural resources is implicit in social responsibility and not discussed separately. In their quantitative analysis, the authors present a two-dimensional model of CSR with costs and benefits as one dimension, and narrow and wide responsibility of the corporation as the other. In four distinct quadrants, the authors distribute four viewpoints of CSR: a) the *socioeconomic view*, b) the *classical view* (the business of the business is business), c) the *philanthropic view*, and d) the *modern view* of wide responsibility and CSR benefits (Quazi & O'Brien, 2000).

Although the *modern view* presents a quadrant in this model of integrating wide responsibility in terms of scope of and benefits from CSR action, this viewpoint still suggests a selective understanding of CSR because the model only considers CSR necessity with a sole net-benefit focus and tries to quantify CSR. In this view, the corporation is involved in broader socially responsible actions in society “where there are net benefits flowing from social responsible action in the long run as well as in the short term” (Quazi & O'Brien, 2000, p. 36). In my view, this article employs a functionalist approach in several ways: a) CSR is considered as the response to external pressure, b) CSR is confronted with a loss-and-benefit calculation of the firm, and c) the authors apply simplification of a complex social system by building a model and breaking it down into simpler functional units. At IFC, I observe a similar approach. The CSR activities are always

subject to a loss/benefit evaluation in every financial analysis and depending on the financial results, their budget is always at risk of being reduced. With such a view, CSR activities always need financial justification.

2.4.4 CSR for competitive advantage with an impact on financial performance

Another trend shows that involvement in CSR could also be a competitive advantage (Maruffi, Petri, & Malindretos, 2013; M. Porter & Kramer, 2011). Various authors have recently discussed and examined the positive influence of CSR on corporate financial performance (e.g. Ducassy, 2013; Lee, Seo, & Sharma, 2013; Li, Puumalainen, & Toppinen, 2014; Lioui & Sharma, 2012; Ni, Egri, Lo, & Lin, 2015; Pan, Sha, Zhang, & Ke, 2014; Santoso & Feliana, 2014) along with those authors who argue that the mechanism through which CSR enhances financial performance is not well understood (Doh, Howton, Howton, & Siegel, 2009). In my view, this part of the discussion suggests a closer link to a comprehensive understanding of CSR as it shows that CSR can contribute to the financial performance.

Cavaco and Crifo (2014) address the absence of consensus in the empirical literature on the relationship between CSR and the financial performance of a corporation. In a long-term quantitative study involving 1094 observations from 15 European countries over the period of 2002-2007, the authors hypothesised that the missing consensus might be explained by existing synergies (complementary) and trade-offs between different CSR components (substitutability), pointing to a double phenomenon: corporations that implement complementary CSR practices experience higher financial performance whereas implementing substitutable CSR practices results in lower financial performance. It should be a specific combination of CSR practices that would lead to high financial performance. Finally, the study confirms that CSR practices contribute positively to financial performance when they affect voluntary business stakeholders (Cavaco & Crifo, 2014).

Cavaco and Crifo employ in this paper a functionalist view and break down the complex subject of CSR into a simplified functional structure and divide it in further steps into complementary or substitutable functional blocks, and finally select useful ones and ignore others. However, I see here the potential of moving towards more CSR acceptance, although the viewpoint is selective and has still the focus on profit. At least the statement that CSR could positively contribute to the financial performance is made.

Relating this to IFC, IFC shows good performance in various CSR-related fields, such as in philanthropy, cooperation with international and national NGOs in various fields, but the view is

still focused on good reputation and for competitive advantage in the core business, and finally on increasing the profit.

As a conclusion, developing a selective viewpoint of the complex subject of CSR demonstrates a reductionist and thus simplistic approach, which is based on the functionalist paradigm, simplifying the complexities of social phenomena.

2.5 CSR in banking

Banks and financial institutions have been under broad social criticism after the financial crises of the recent years. They are being held responsible for the financial crackdown and recession and therefore, according to Forcadell and Aracil (2017) the banks see CSR as a means to restore their credibility and image (Forcadell & Aracil, 2017). The authors examine the link between performance and reputation for CSR in European banks listed in the Dow Jones Sustainability Index (DJSI). In this list, 40% of the entries are European banks versus 24% Asian, 10% North American and 16% Latin American, showing the European banks as early adopters of sustainability practices and as a benchmark for other regions (Forcadell & Aracil, 2017). Although the authors mention that studies on the relationship between CSR and Corporate Financial Performance (CSF) in the banking sectors are scarce, they show in their study, and by citing other studies, that CSR benefits the Corporate Financial Performance (CFP) by creating competitive advantage over public reputation (e.g. in Orlitzky et al., 2003; Lourenço et al., 2014, in Forcadell & Aracil, 2017). The consideration of CFP as a quantification tool for CSR suggests a functionalist view into a subject that requires holistic treatment. Here the compliance with the selective viewpoint to CSR and the dominating functionalist paradigm can be observed, as discussed in 2.4, in focusing only on the link between the CFP and public reputation to generate a cost-benefit relationship.

Pérez & Rodríguez del Bosque (2017) analysed customer expectations of CSR at Spanish saving and commercial banks and found that customers of both banking systems have similarly high expectations concerning CSR in the banks. The authors conclude that the managers could develop optimal CSR policies based on the expectations of their customers and in this way improve their reputation as well as seeing CSR as a new business concept in Spain. As such, CSR is a key strategic tool (Pérez & Rodríguez del Bosque, 2017). This view suggests similarity to the view of Forcadell and Aracil (2017) but the idea of seeing CSR as a new business concept is new and interesting. Later in this literature review in section 2.7, I will discuss the concept of Triple Bottom Line (TBL) as a comprehensive framework for CSR implementation. One of the three pillars in TBL is the financial profit of CSR implementation in long term. According to TBL, a

comprehensive and holistic implementation of CSR does not incur costs but opens up new business perspectives and generates profit while considering the interest of the social and environmental stakeholders. The prerequisite is, however, that the core business and management viewpoint are aligned with CSR.

Seeing CSR as a new business concept suggests a step towards the viewing of CSR not as an additional cost but as an opportunity.

Vogler and Gisler (2016) examined the Swiss banking industry and the effect of CSR on its reputation in the media before and after the financial crisis in 2008. One major finding was that the public perception of CSR in the Swiss banking industry fundamentally changed after 2008 and became more important. Another finding was that CSR criteria brought to the public attention by the media played a role that the banking industry was seen negatively, compared to the pre-crisis period (Vogler & Gisler, 2016). It shows to me that public opinion has a growing awareness of the social responsibility of the banks and views the banks through the CSR lens. This has, according to the authors increased the pressure on the banks. Vogler and Gisler conclude that the growing awareness of CSR in public opinion led to growing demand for an economically sustainable financial industry and to stronger regulation of the banking sector by the national and international regulatory bodies (Vogler & Gisler, 2016).

Fatma and Rahman (2016) studied the influence of CSR initiatives on customer purchase intentions in Indian retail banking. Their findings suggest that building a socially responsible reputation has a positive effect on customer purchase intentions. Considering the fact that the majority of the research on CSR in the banking industry has been done in developed economies and those done in developing countries are limited, the authors point out and conclude with two important aspects relevant to my review: a) that CSR has become a global phenomenon and b) that the banking industry in India should commit to social responsibility, manage its reputation as a market differentiator, and maintain stakeholder confidence (Fatma & Rahman, 2016). The latter creates the connection between public reputation and profit, which is in my opinion a selective view to CSR. However, the consideration of the global scope of CSR within the context of globalised economy is the more important aspect that goes towards a comprehensive understanding of CSR beyond national borders when focusing on globally acting corporations, such as IFC.

Considering the financial crisis of 2008 and the heavy involvement of the financial industry in various scandals, in addition, I see in all the reviewed articles above the critical importance of CSR initiatives for the banks in maintaining public reputation on the one hand, and how the expectation of public opinion has shifted towards the request for more social responsibility from the

banks on the other. Although the major focus of the banks is still on repairing the reputational damage for the sake of profit and the core business, the paradigmatic conflict between profit maximization of the shareholders on the one side and the demand for more social responsibility on the other, is increasingly visible. To me the paper of Pérez & Rodríguez del Bosque (2017) suggests a more developed view of CSR in showing the financial benefit of CSR implementation in banking practice.

This discussion illustrates an ambiguous trend in the financial industry: Firstly, CSR has gained high public attention, playing a more important role in the creation of public image and reputation and with an increasing global scope in the view of the stakeholders. This increases the general pressure on managers in the banking industry to consider CSR more in their core business rather than only in peripheral charitable activities without impact on the core business. Secondly and as a subsequence of the first trend, managers have a serious dilemma: stakeholders' demand for integration of CSR on the one hand, and at the same time to comply with the expectations of their shareholders in maximizing their investment profits on the other. This is in my view the dilemma which the managers are trapped in and where the dominant management paradigm comes into the focus. I discuss the role and limitations of the management paradigm in the next section.

2.6 Attributes of the dominant management paradigm related to CSR

2.6.1 Hostility to ethics

It is of central importance for my study on IFC and for the thesis to consider the role of functionalism in the management in failing to respond to CSR requirements. In this section, I am presenting the role of a functionalist management in ignoring the ethical values in the business conduct. In the functionalist context, only facts count. This presents not only a limited view in the research but also a dilemma in the management paradigm requiring a value-free viewpoint into managerial practice. However, in dealing with those subjects, such as with CSR based on Triple Bottom Line (TBL), discussed in section 2.7, and in taking an integrative and participatory approach towards all stakeholders, there is a fundamental prerequisite of having a management approach based on principles and values too, in addition to the facts.

Wicks and Freeman (1998) called for a fundamental re-shaping of the organizational studies and claim that the functionalist framework in studying the organizations is overly hostile to ethics. With references to thinkers and economists, such as Adam Smith, Wicks and Freeman (1998) argue that for a market to function, there is a need for a broad array of moral arrangements. A successful business needs to attend to ethical dimensions. Subsequently, organizational studies need a continuous attention to ethics (e.g. Arrow, 1974; Fukuyama, 1995; Smith, 1981, Werhane, 1991, in

Wicks & Freeman, 1998). Numerous papers show clearly the limitations of the current functionalist dominant management paradigm in managing large corporations without regard to values (e.g. Hart & Milstein, 2003; Mintzberg et al., 2002). The focus only on figures and facts, and the ignoring of values build my central argument in addressing the shortcomings of the functionalist management in complying with the requirements of CSR, causing at the same time the dilemma for the managers.

Following this line of thinking and accepting not only the possibility of ethical business behaviour in capitalism, but also its importance to be successful in the market, leads subsequently to the notion of possible separation between unethical business conduct and market rules. In other words, it is not necessarily the market rules that justify or lead to unethical business conduct. As discussed previously, the barriers to integrating ethical rules into the business lie in the functionalist viewpoint that posits a value-free, scientific approach to business.

2.6.2 Dilemmas of the dominant management paradigm

Being obliged to comply with the profit-maximizing and shareholder-value orientation on the one side and facing CSR requirements on the other, brings the management into a conflicting situation causing a dilemma. In this section, I discuss two main dilemmas that I find important for the analysis of IFC.

The management dilemma: short-termism vs. long-termism

The fact that the duties, roles and responsibilities of managers in the business organizations are pre-defined and contractually agreed for a short-term period, suggests a fundamental functionalist viewpoint. Managers are required to commit to pre-defined objectives and targets on which their incentives are calculated. In addition, their assignments and commitments are for a short-term period and the performance measurements mainly result from the financial figures. Alvesson & Willmott (1992) describe the role of the management in a functionalist setup as profit-maximizing and safeguarding the interests of the shareholders by controlling the productive capacity of the workers (Alvesson & Willmott, 1992).

This presents in my view a management dilemma. On the one hand the short-termism and functionalist viewpoint which is the dominant mindset and contractually manifested in short-term targets, and on the other hand the complex, irregular, dynamic life of a business organization which is embedded in the social environment, too, and needs adaptive management interactions. Integration of CSR-related action and the alignment of the core business with CSR requirements need overall consensus, long-term planning, and successful integration. The impacts and results of the CSR-compliant business conduct become visible in the long term. Furthermore, the

management always needs a financial justification for a holistic CSR implementation. In my opinion, within a shareholder-value oriented setup the financial justification of a holistic CSR integration presents a contradiction.

The management dilemma: determinism vs. complex adaptive systems

According to Aram & Salipante (2003) the world is “idiosyncratic, discontinuous, changeable and unstable”. Management knowledge is perceived in such a world as context-specific, problem-driven, and based on trial and error (Aram & Salipante, 2003, p. 193). From a Complex Adaptive Systems’ (CAS) point of view, a management strategy which is pre-defined cannot exist anyway and system’s elements interact and arrange themselves without top-down management (Nishiguchi, 2011, in T. Porter & Cordoba, 2008). Both papers of Aram & Salipante and Porter & Cordoba are based on CAS and support my arguments which challenge the functionalist management practice based on determinism. An adaptive management paradigm is needed, instead, to respond to immediate and situation-driven challenges.

Although current management practice has moved away in some areas from this absolutist perception of management and from a unidimensional consideration solely of the interests of shareholders, Alvesson & Willmott (1992) report that mainstream management practice, and in particular, management practice in the financial industry, is still dominated by functionalism. Within a functionalist worldview, instability or irregularities are symptoms of managerial incompetence (Alvesson & Willmott, 1992). Without going in too deep towards a CAS-based viewpoint on sustainability, which is out of my focus, and by focusing on sustainability as a complex, multi-faceted, multi-dimensional, and long-term subject, where there is a need for the development and application of multiple paradigmatic perspectives, the question I’d like to raise is: how could a management paradigm deal with such a complex and dynamic subject within the limited functionalist viewpoint which is based on determinism? This suggests a major paradigmatic dilemma.

2.7 Triple Bottom Line (TBL) as a comprehensive framework for CSR

In this section, I discuss the concept of Triple Bottom Line (TBL) and its reflection on CSR. I bring TBL into discussion as a possible framework to be suggested for the improvement of CSR adoption at IFC. Based on the literature reviewed so far in the thesis, I am making the following assumptions as the prerequisite for TBL to build the theoretical foundation for TBL introduction:

- a) Corporations are perceived as social organizations, contrasted with the functionalist concept of organizations with clear boundaries to the outside world.

- b) TBL considers the interests of all stakeholders in contrast to a viewpoint focusing on shareholder's interests only.

Elkington (1998) delivered the idea of Triple Bottom Line sustainability for sustainable development (Bos-Brouwers, 2010), also called triple P, *Planet, People, Profit*, TBL (Vanclay, 2004), or 3BL (Norman et al., 2004; Tullberg, 2012). This concept has developed since then into a broad and general, but comprehensive definition of the sustainability concept showing that business activities, environmental factors, and social interests are interwoven and they cannot be considered/managed separately within the corporation.

Ramirez (2012) points out that TBL is not only a tool but also a paradigm that incorporates aspects of complexity and qualitative viewpoints as well (Ramirez, 2012). Considering the holistic approach and its comprehensiveness, I support this statement and present TBL as a framework to integrate CSR into the organizational life of IFC. In the business practice moreover, according to Hart and Milstein (2003), for a long time corporations perceived (and still perceive) sustainability in a selective way, such as involvement in environmental protection, in philanthropic activities, well-being of employees, and so on. Some managers perceive it as a moral mandate, some others as a legal requirement. Many perceive sustainability activities as additional costs and a constraint. The holistic nature of the sustainability concept is still being widely overlooked or ignored in those corporations (Hart & Milstein, 2003). As discussed in section 2.3 the dominant management paradigm is the base for the selective treatment of CSR and is ignoring its holistic nature.

In fact, according to the concept of TBL, sustainability has the imperative of economic, social and environmental viability (Dhiman, 2008). TBL supports Edward Freeman's (1984) Stakeholder Theory. According to the Stakeholder Theory, stakeholders are those whose interests are impacted by the business activities of the organization, such as shareholders, employees and managers, customers and providers, communities and governments, societal and political systems, and the natural environment (Freeman, 1984). The business organization has to include all the stakeholders and treat them equally (Dennis A. Gioia, 1999). Stakeholders consist of all individual, groups, or institutions that are affected and influenced positively or negatively by the business activity of the corporation. The Stakeholder Theory suggests that all stakeholders are legitimate partners in the business and must be considered in the business activities of a corporation (Banerjee, 2014). The shareholders and other stakeholders are intertwined. Within the concept of CSR, various authors are suggesting that shareholder value as a corporate objective could be compatible with stakeholder management approaches, provided it is seen in a long-term perspective and because short-termism is not beneficial, neither to shareholders nor to other stakeholders (e.g. Becchetti,

Ciciretti, Hasan, & Kobeissi, 2012; Coles, Fenclova, & Dinan, 2013; de Bussy & Suprawan, 2012; Jondle, Ardichvili, & Mitchell, 2014; Queen, 2015).

The above-mentioned literature supports the Stakeholder Theory contrasting it with Shareholder Value. The theoretical support of Stakeholder Theory for CSR requirements provides me with the necessary theoretical base to suggest TBL as a comprehensive CSR framework to be implemented at IFC. I argue furthermore that the corporation's long-term profitability and survival would be best served by balancing the profitability goals with social and environmental goals, as also discussed in various papers (e.g. Hart and Milstein, 2003; Porter and Kramer, 2006, in Dao, Langella, & Carbo, 2011). In my view, this requires as a prerequisite, a holistic view incorporating all aspects of the corporation's interaction in its environment as well as within its internal and external business processes and, most importantly, in alignment with the management paradigm.

By considering *people* and *planet* in addition to *profit*, effects on the environment and stakeholders would be incorporated when contemplating alternatives, leading presumably to a more sustainable outcome (Elkington, Robins, SustainAbility Limited., & United Nations Environment Programme. Industry & Environment Office., 1994; 2004). This is the message of TBL. The GE greenwashing case that I discussed in 2.4.2 where GE had announced a large sustainability programme in 2005 (Dhiman, 2008) on the one side and had tried to use loopholes in the U.S. tax law (Allio, 2011) on the other, caused severe public reputational damage to GE and forced the company to review the business strategy: either to continue the sustainability path, stop the tax fraud or to stop the sustainability initiative and focus on short-term profit maximization. Doing the latter was the old business model. Doing both would be at the expense of public reputation and finally, at the expense of business profit. This is a new insight and a new trend showing that options for proponents of business conduct based on profit maximization and shareholder value are becoming fewer.

2.8 Summary and relevance for research questions

In this literature review, I presented the contemporary discussions on the CSR agenda in general and in the financial industry in particular. Furthermore, the functionalist dominant management paradigm and its attributes has been discussed through the lenses of CSR adoption and integration, shedding light on the involved implications and conflicts.

The concept of Triple Bottom Line (TBL) has been presented as a possible framework for a successful CSR integration. One important feature of TBL is the involved *holism*. Holism in a TBL context implies the consideration of the interests of all stakeholders and not only the shareholders'. On this path, TBL considers the corporation not only as a business organization with clear

boundaries but also as a *social organization* embedded in the social environment without clear demarcations. This perception of the corporation contrasts with the functionalist definition of the corporation as a functional-only organization with clearly pre-defined structure, purpose, mission and vision, and finally with clear boundaries to the outside world distinguishing between 'internal' and 'external'. Certainly, every corporation has its organizational and business particularities and therefore the adoption of certain aspects of CSR might have different priorities. However, the key statement is the holistic viewpoint. Selective or functionalist viewpoints would not address complex global issues that require, in addition, long-term consideration.

Another feature of TBL is the *long-termism*. The holistic viewpoint together with long-term planning builds the prerequisites for the implementation and integration of a TBL-based CSR policy into the business organization. This is in contrast to the short-termist, results-oriented expectations of the functionalist management paradigm which is focused on the next quarterly results report for the stock market based on which the financial performance of the corporation is assessed and judged.

The globalised economy has also created globalised public opinion and attention, creating global demands on the business organization. Not aligning the business conduct or ignoring sustainability requirements causes reputational damage and subsequent profit loss. Volkswagen's diesel scandal case is a recent example of how a short-termist, single-focused, and profit-maximizing management can lead to fraud, reputational damage, heavy fines imposed by the regulatory bodies, and at the end, to severe profit loss. Another example was the involvement of six of the largest European banks in the case of manipulation of the London Interbank Offer Rate (LIBOR) and currency exchange rate fixing for years and the subsequent heavy fines by the European courts against those banks. Regardless of the value of the fines, and the negative impact on their business results, the reputational damage to the banks in the public's opinion cannot be expressed in figures.

Summarizing, the successful implementation of a TBL-based CSR policy requires in the long term a paradigmatic change in the management. The adoption of a TBL-based CSR policy would not only mean the full alignment of the management with it, but also the close integration into the core business of the corporation, including the business processes. It presents, subsequently, a contrast to the functionalist dominant management paradigm. The thesis examines the implications of this paradigmatic conflict on the CSR agenda.

Various authors confirm that balancing long-term business objectives with social and environmental goals also ensures its profitability in the form of a positive impact on the financial

performance as well as on its sustainable business conduct (Jin, Drozdenko, & DeLoughy, 2012; Mitchell, Curtis, & Davidson, 2012; Rhou, Singal, & Koh, 2016; Wang & Xiao, 2016; Xie, Jia, Meng, & Li, 2017), in particular in the banking industry (Kukunuru & Singh, 2017; Malik, Ali, & Ishfaq, 2015; Wu, Shen, & Chen, 2016), in SMEs (Jain, Vyas, & Roy, 2017), in public organizations (Santis, Albuquerque, & Lizarelli, 2016), and in manufacturing and consumer products (Saeidi, Sofian, Saeidi, Saeidi, & Saeidi, 2015). Additionally, with the critical public attention to short-termist profit-maximization and with an increase of the awareness that short-termism and the focus only on shareholder value does not necessarily always lead to higher profit, a shift of viewpoint among shareholders and investors is in progress too, away from short-termism toward long-term targets as well as consideration of the interests of all stakeholders. This all together suggest new perspectives for new business opportunities while sustaining the current business conduct. A good example in this regard could be the current trend in production of electricity, which is moving away from nuclear plants and legacy fossil energy production to solar or wind energy generation. This has created tremendous business opportunities in the entire value creation chain.

Following the main TBL features discussed above, considering the selective CSR implementation at IFC, and the organizational dispersion of CSR activities within IFC, it is of interest to understand how CSR is currently perceived by the employees, how their individual values and perception play a role together with IFC's ethical leadership to build the perception of the organizational performance. In addition, the aspects of CSR that are implemented at IFC are of interest, together with the questions how they are selected and why. Finally, what are the challenges facing the managers who are responsible for CSR in IFC, when dealing with the core business and with the senior management?

The chapter 3 presents the design of the research on these questions and the methods applied.

3 Design and Methods

The thesis examines the level of adoption and absorption of CSR at IFC through the TBL lens. My overarching rule for the design of the research work was to collect necessary data, to create analyses, and to contribute to the joint analysis work with the participating IFC directors with the target of creation of actionable knowledge and specifying actions for change. The thesis map below in Figure 1 shows the research structure.

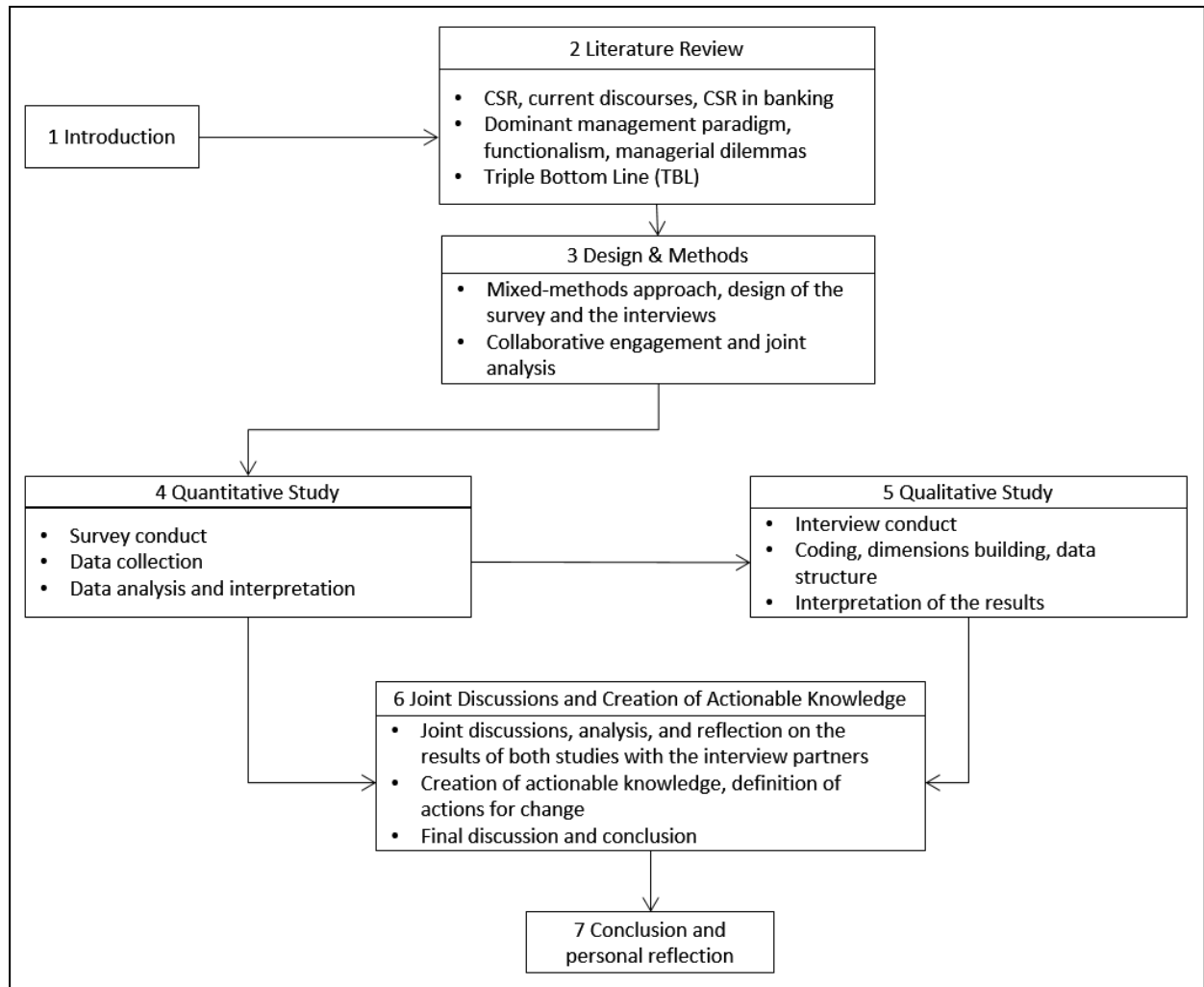


Figure 1.
The Thesis Map

I selected the mixed methods inquiry for my thesis because a) the subjective perception of globally distributed employees on a multi-faceted unit of analysis is to capture through a survey and b) a thematic analysis of interviews is to conduct with the IFC directors of four different CSR-related departments. This method provides a wide understanding by incorporating both survey and interview techniques, helping to use one approach to better understand and explain, and build upon, the results from the other approach. The results of the survey shaped my interview design as well.

After conducting the interviews and generating my own analysis, I presented both results to the IFC directors in the joint analysis and sense-making sessions. For the framing of the joint discussions with the IFC directors, the results of the survey, the number of the participants, their international distribution, and the succeeding descriptive statistics provided enough confidence in the validity of the study.

In the survey (chapter 4), the employees' perception of selected CSR aspects as well as of the operational and financial performance indicators are captured. The interviews with the participating directors (chapter 5) provide a deeper look into the paradigmatic managerial aspects and practices from the TBL-based CSR viewpoint.

3.1 Survey design and the conceptual framework

John Elkington's initial intention in developing Triple Bottom Line (TBL) theory was to introduce a measurement framework for social and environmental performance, in addition to the usual measures for financial performance, such as those for profit or return on investment (Mitchell et al., 2012). However, TBL became far more than the original intention through an extensive development process and has become today a comprehensive sustainability theory with a holistic approach.

Jin et al. (2012) developed a conceptual framework based on the 'Appreciative Systems' theory of Geoffrey Vickers (1965) to analyse the dominant mindset of the Wall Street financial institutions. This conceptual framework allows the assessment of the relationship between the perceptions and mindset of the people involved in Wall Street and the financial meltdown in 2008. Furthermore, within this framework organizations are classified as those with 'organic core values' (e.g. democratic, open, trusting, enterprising) and those with 'mechanistic core values' (e.g. structured, regulated, authoritarian, procedural). The authors analysed the mindset of the employees in both types of organization within this conceptual framework in a study of an international financial association. The authors concluded that organizations in the finance industry could move toward more ethical and socially responsible business behaviour if they adopt organic core values and move away from mechanistic core values, without suffering a loss in financial performance (Jin et al., 2012, p. 18). Based on Jin et al.'s analysis and Elkington's TBL theory, my proposition is that the implementation of organic core values, which are also implicit in TBL theory, is not at the cost of financial performance.

To capture the perception of the IFC employees on TBL-based CSR and organizational performance, I applied Geoffrey Vickers' (1965, in Jin et al., 2012) 'Appreciative Systems' theory. Vickers provides with this theory the position of the actors and members of an organization, their

interaction with the surrounding reality, and the process of judgment, value-building, and actions (Vickers, 1965). Peter Checkland (2000) interprets Vickers' approach as a recursive flux of event and ideas, and as being very helpful for sense-making processes (Checkland, 2000).

Based on TBL theory, and by considering its theoretical reasoning, the adoption of TBL-based CSR at IFC would show a positive effect on the corporation's performance. In other words, balancing the corporation's long-term business objectives with social and environmental goals would then ensure both its profitability and its sustainable business conduct. Figure 2 shows the conceptual framework as applied to the survey design at IFC.

As Jin et al. (2012) report in their study, the framework suggests that individual's and corporation's values have implicit impact on a corporation's performance, such as operational or financial performance (Jin et al., 2012). TBL-based CSR, once adopted, is assumed to be closely integrated with a corporation's core business and internal decision-making processes. Based on this conceptual framework, I measured the employees' perception of CSR (Perceived CSR), organizational support (Perceived Organizational Support), and the corporation's Ethical Leadership (EL), its Environmental Consciousness (EC), its Operational Performance (OP) and finally, its Corporate Financial Performance (CFP).

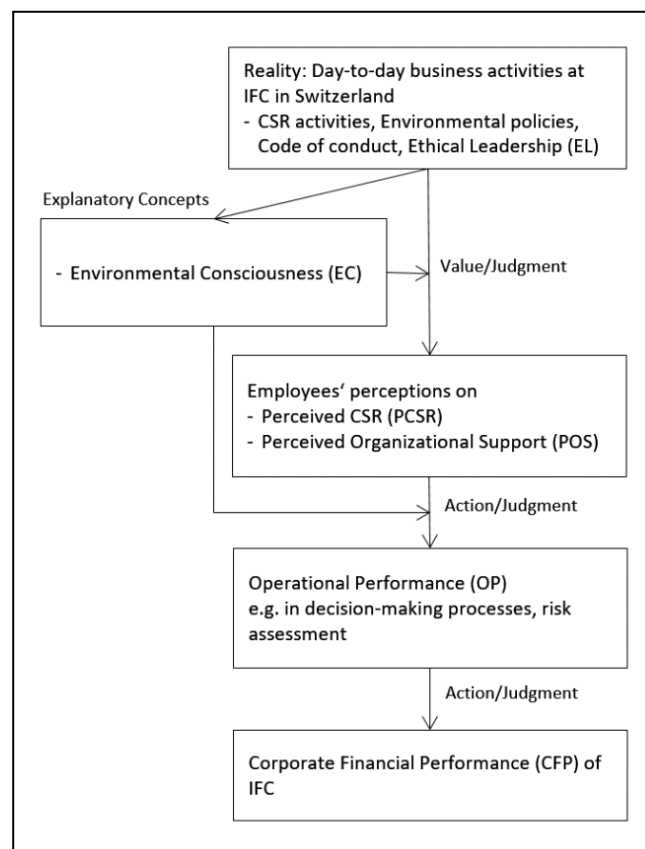


Figure 2.

The Conceptual Framework based on Jin et al. (2012)

Figure 2 shows the employees' value building and judgment in their day-to-day business activities with a focus on CSR. The CSR activities consist of IFC's regulations with regard to the environment, the corporation's code of conduct, and ethical leadership (EL). The environmental consciousness (EC) of the employees acts as an explanatory concept, influencing employees' values and judgment as well as their perception of CSR and organizational support. Subsequently, the environmental consciousness (EC) has impacts on employees' actions in the decision-making processes, such as in risk assessment, and on Corporate Financial Performance (CFP).

For the survey, standard questionnaires from academic literature were used; these are listed in the Appendix: The Questionnaires. The questionnaires are based on an intervalled 7-level Likert scale, between 'strongly disagree' (min=1) and 'strongly agree' (max=7).

3.2 Concepts used in the survey and their operationalization

This section describes how the concepts are operationalized by applying standard scales used in the financial and public sector as well as across industries, in manufacturing, and in the consumers' environment.

Ethical Leadership (EL)

The standard scale I used for this concept, is taken from Taylor et al.'s (2014) study on the moderating role of follower personality in workplace incivility. The authors analysed whether there is a negative relationship between ethical leadership and workplace incivility and the followers' characteristic conscientiousness (Taylor & Pattie, 2014). This scale consists of the following items: My supervisor ... a) listens to employees, b) disciplines in ethical violations, c) has an ethical life, d) has the interests of the employees in mind, e) makes fair and balanced decisions, f) can be trusted, g) discusses business ethics, h) sets examples in ethics, i) defines success not only by results, and j) asks about the right things to do (Taylor & Pattie, 2014).

Perceived Corporate Social Responsibility (PCSR)

The concept of Perceived Corporate Social Responsibility (PCSR) measures the perception of the employees on the organization's CSR policy and practice along the attributes of the organization being a) top management helping others, b) committed to social responsibility, c) social responsibility of management, d) community service participation, and e) economic power and social responsibility (Jin et al., 2012).

Environmental Consciousness (EC)

The standard scale for this concept comes from Alsmadi (2007). The author's aim was the examination of whether the high EC of an employee as a consumer impacts her/his behaviour in dealing with the environment and natural resources in her/his daily business activities.

The scale for measurement of EC consists of the following items: a) advise others to keep the environment clean, b) annoyed by contamination, c) respect for preserving the environment, d) healthy and clean environment, e) respect rules and regulations, f) rationalise energy consumption, g) aware of population explosion, h) scarce resources, i) man and nature harmony, and j) future generation (Alsmadi, 2007).

Perceived Organizational Support (POS)

Glavas and Kelley (2014) examined in their study the level of support the employees perceive from their corporations, no matter whether the support is related to sustainability or not. According to social exchange theory and the norm of reciprocity (Blau, 1964; Gouldner, 1960, in Leveson, Joiner, & Bakalis, 2009), a high degree of Perceived Organizational Support leads to a feeling of obligation towards the organization (Leveson et al., 2009). The standard scale consists of six items of “My organization ... a) values the contribution to well-being, b) cares about employees well-being, c) considers the goals and value of the employees, d) helps employees needing special favour, e) shows concern for employees, and f) takes pride in employees accomplishment (Glavas & Kelley, 2014).

Operational Performance (OP)

Operational Performance (OP) has been measured by using the standard scale from Inman et al. (2011), as they deal with aspects of operational performance, such as delivery speed, responsiveness, inventory turn, return on assets, as well as with customer satisfaction. OP is measured in the study by using a 13-item standard scale incorporating customer service, cost management, quality, productivity and asset management performance metrics (Inman et al., 2011).

Corporate Financial Performance (CFP)

Jin et al. (2012) hypothesised and confirmed that “financial professionals working in organizations that reported to be more profitable, will also report higher levels of ethics and CSR” (Jin et al., 2012, p. 21). The standard scale from their study is used in this thesis for measuring the perception of the financial performance of the organization along the attributes of: a) users satisfied with financial performance, b) financial commitment of professionals, c) ethical standards influence performance positively, d) users satisfied with quality of Information System (IS), e) increasing profit over last 5 years, f) proactive initiatives of financial management, g) implemented IS successfully, h) increased market share over last 5 years, i) financial contribution to company’s profile, and finally j) implemented financial processes successfully (Jin et al., 2012).

3.3 Interviews and the design of the joint discussions

In the qualitative study the emphasis on the process of research is flowing from the philosophical assumptions to the worldview and to the theoretical lens of the researcher on the selected research procedures for the subject of the study (Creswell, 2007). In this way, the inclusion of the researcher in the subject is ensured, as well as the base for the theory building from the gathered data as is the way of qualitative inquiry. Following this path, the attempt is to study things in their natural setting and to make sense or interpret the phenomena in terms the meaning people bring to them (Denzin & Lincoln, 2005, p. 3, in Creswell, 2007, p. 36).

I designed the research in such a way that the insights gained through the survey and the interviews both informed the joint analysis sessions with the participating directors of IFC. In this way, evidence could be created in a manner that independently conducted surveys and interviews alone cannot. Results from the survey informed the interview process and results from both informed the joint analysis, reflection, and sense-making sessions. The survey provided data about the impact of individual's and CSR-related values on performance and how the survey participants perceive them, and the interviews also provided insights into what challenges the managers are facing when dealing with these items. In the succeeding joint sessions with the interviewees, the target was to collaboratively reflect upon the obtained data from both studies by jointly analysing them, gain possible emerging additional insights, and develop actionable knowledge for the directors, empowering them as change agents in their fields.

Engaging in such a process simultaneously addresses integral aspects of research questions. Furthermore, according to McIntyre (2008), the process of participation implies critical reflection, the dialogue between and among the participants, and their collective reflection, leading to the recognition of their role as main stakeholders (McIntyre, 2008). In addition, as an insider researcher I was to take the moderation role in these sessions while contributing to the discussions with my own observations and analyses. As a consequence of this process, the creation of a learning process through the creation of actionable knowledge and the definition of actions for change are an integral part of the research project; as Reg Revans essentially pointed out "there is no learning without action and no action without learning" (Reg Revans, in Pedler, 2008, p. 5). The critical dialogue and collective reflection of the participants together with the integrative role of the researcher creates the actionable knowledge, resulting in the learning process and finally in actions for change.

While designing the interview process, the results of the survey were available (presented and discussed in detail in the next chapter 4). In short, one of the key findings was the invisibility or

latency of CSR performance and that the CSR performance was implicit and ‘hidden’ in other performance indicators of the corporation. This awareness shaped my mind to ask specific questions during the interview. Although the interview questions were all open-ended ones, it was important to me to elucidate the evaluation criteria of the performance of these four CSR-related departments in the real world within a functionalist setup. How could their performance be evaluated when the figures do not provide the evidence of the real performance and values do not count?

Another aspect was the high awareness of the survey participants of the environmental aspects and their perception of the ethical leadership of the corporation and of the organizational support. This suggests that the employees demonstrate high awareness as well as high expectations in regard to CSR-related aspects. Therefore, considering the functionalist, shareholder value-driven senior management of IFC, it was of interest to understand to what extent the CSR departments perceive support from the employees and what challenges they face in their work, e.g., what the financial limitations are when activities are being planned, how the budget planning and approval process works.

The interviews were conducted with four IFC directors of different departments who lead and deal globally with selected fields of sustainability in their daily work. For the inquiry, I prepared a semi-structured, face-to-face interview guide together with the following overarching considerations in order to elucidate management’s mindset on a) understanding of TBL and CSR, the related components, and the specific implementation at IFC, b) facing challenges and issues when dealing with sustainability subjects within the business environment as well as with senior management, c) perception of the recent crises, in particular in the financial market, positioning towards shareholder value and stakeholder management, and d) possible links to the functionalist dominant management paradigm.

Depending on the interview flow and the level of interest of the interviewee, additional questions were asked and subjects were discussed within the framework of the interview guideline. As these separate departments each have a specific focus, additional questions were asked to obtain more insights into their specific fields.

Pilot testing of the interview was performed with two other directors from other departments and modifications were made to the interview guideline based on their feedback.

Table 1 presents the final interview guideline.

Table 1.

Interview Guideline

-
- | | |
|----|---|
| a | Identify potential directors for the interview, send Participant Information Sheet, and schedule the interview. |
| b | Present the research study and its purpose. |
| c | Present the interview procedure, data protection steps, the University's ethical policy, and anonymisation process. Get the consent form signed. |
| d | Announce and offer the succeeding joint analysis sessions where the results will be presented and jointly discussed in order to reflect upon them and to generate actionable knowledge for the participants. |
| e | Open-ended questions |
| 1. | What is your understanding of CSR and what does it mean to you to have a sustainability policy at IFC? |
| 2. | Does the implementation of CSR-related items go smoothly or are there challenges and issues? |
| 3. | Around the Millennium, we had the so-called New Economy and hype around it. Then we had several economic and financial crashes. Prior to all this, we had cases such as Lehman Brothers, Enron, WorldCom, and recently Deutsche Bank, HSBC, or Volkswagen. What happened in your opinion and why? |
| 4. | Managers of those companies came from prestigious universities and had an excellent education. What do you think about this fact? How do you relate it to the management paradigm? |
| 5. | Do we need a new way of management? |
-

Note. Additional questions may be asked during the interview depending on the progress

I performed four interviews, one each with one director, face to face. The interviews were audio recorded and transcribed. After the open and axial coding steps, dimensions were built and in a selective coding, grounded propositions or dimensions extracted. Then I created my analysis of the results. I presented these results to the participating directors together with the results of the survey in several joint sessions. The aim was to involve the participants in the analysis of all the results, get their reflections, capture new insights that might emerge when confronted with the results and engaged in the discussions, and to involve them in the process of theory building with the target of generating actionable knowledge.

All of the directors showed high interest in the discussions. The high number of 143 identified codes in the first round of open coding is an indication of how dispersed the items were as well as how deep the discussions went in the specific areas. This dispersion can be explained by the first finding: that there is no centralised CSR department in the firm which could provide a unique definition and perception of CSR offering a proper framework and serving as a guideline for other CSR-related departments.

All directors showed interest and enthusiasm for the results of the studies and for the planned joint sessions.

The duration of each interview was initially estimated to be between 30 to 40 minutes; in fact, they took between 40 to 90 minutes. The interviews were audio recorded, transcribed into a Microsoft Word file by a professional transcription assistant, and anonymised by myself. Next, the online tool saturateapp.com was used, which provides support in structuring the text, highlighting, open coding, and memoing. A data matrix was produced by exporting from this tool into Microsoft Excel for further processing.

For the coding process the method and terminology of Gioia et al. (2013) was applied. In ‘*Seeking qualitative rigor in inductive research*’ Gioia et al. (2013) present the Gioia Methodology which is a systematic approach to new concept development and grounded theory articulation. The authors use the term *concept* as a more general less well-defined notion to capture qualities. Concepts are “precursors to constructs” in making sense of organizational worlds (D. A. Gioia et al., 2013).

In order to link the data to the insights, the authors propose a *1st-order* analysis using informant-centric terms and codes. This results in gaining the *1st-order concepts*. In a *2nd-order* analysis using researcher-centric concepts, the *2nd-order themes* and *aggregate dimensions* are obtained. Both analyses present not only the link between the data and the induction of the new concept and sense giving, but also they define a hallmark of high-quality qualitative research. After creating the *1st-order concepts*, *2nd-order themes* and *aggregate dimensions*, the *data structures* can be built as the results of transferring the raw data into a structured visual order showing the emergent concepts, themes and dimensions in a Grounded Theory model (D. A. Gioia et al., 2013).

4 Employees' Perception of CSR and on Corporation's Performance

In this chapter, I captured in a survey the perception of the employees on TBL-based CSR and on the organizational support using the concepts presented in 3.1. The target was to understand to what extent the employees have adopted CSR and how they perceived CSR-related aspects as well as their impact on the operational performances.

The analysis and interpretation of the descriptive statistics and the demographic data presented in this chapter shaped my inquiry and the interview process with the directors presented in chapter 5. The results are used for the joint discussions with the participating IFC directors in chapter 6.

This chapter provides insights into the data collection through the survey.

4.1 The questionnaires, survey and the sample

I carried out an electronic survey. The survey was made accessible online over the portal kwiksurveys.com starting from the 1st May 2015 until 15th June 2015. The questionnaires (Appendix: The Questionnaires) for the survey consisted of six standard scales as described in section 3.2. In addition, the collection of socio-demographic data, such as gender, age, nationality, education level, job title, current position duration, and annual income level finalized the survey.

In total, five hundred and seventy-two persons responded. Two hundred and forty-three participants answered all the questions ($n = 243$). I used the latter for the descriptive statistics.

4.2 Demographic characteristics

The survey participants were additionally asked for their demographic data. Table 2 on the next page shows the gender, age, annual income level, duration in current job position, and education level. Whereas the response to all the questions in the questionnaire was obligatory to get to the next set of questions, the response to demographic questions was voluntary. According to the country information provided by the survey portal, the participants come from 46 countries among which 82% come from the Western and Central Europe (Germany, UK, Switzerland, France, Sweden, Hungary, and Austria), USA, and Canada.

Male participants are as double (67%) as the females (33%). 86% of the participants are over 30 years old, 64% are more than 3 years in the current position. The education level of the participants is considered as high, as 49% hold a master degree with neighbouring 25% holding a bachelor and 16% a doctoral degree. 53% earn an annual salary between 40.000 US\$ and 150.000 US\$.

Table 2.
Demographic Characteristics

Variable	%	n	Variable	%	n
Gender			Annual Income level [US\$]		
Male	67%	75	<20.000	18%	18
Female	33%	37	20K-40K	14%	14
Age [Year]			40K-60K	19%	19
<30	14%	16	60K-100K	17%	17
31-40	31%	35	100K-150K	18%	18
41-50	26%	30	150K-200K	7%	6
>50	29%	33	>200K	9%	9
Duration in Current Position [Year]			Countries		
<1	12%	14	Germany	41%	19
1-3	24%	27	USA	15%	7
3-5	23%	26	UK	7%	35
5-10	19%	22	Switzerland	4%	21
10-20	11%	12	Canada	4%	19
>20	11%	13	France	4%	17
Education Level			Sweden	26%	3%
Elementary School	-	0	Hungary	2%	10
High-School	3%	3	Austria	2%	9
Trade/technical/vocational training	2%	2	India	1%	7
Professional degree	4%	5	Iran	1%	7
Bachelor degree	25%	28	New Zealand	1%	6
Master degree	49%	55	Russia	1%	5
Doctorate degree	16%	18	Australia	1%	4
Post-doctoral degree	2%	2	Belgium	1%	4
			Pakistan	1%	4

4.3 Descriptive statistics for the study concepts

I performed the descriptive statistics as presented in this section. For every concept, the Mean, Median, Standard Deviation, Min, and Max are reported. A list of the items in every concept, their short labels, and descriptions are provided in Appendix: The Questionnaires.

Ethical Leadership (EL)

Considering the max value of seven, the Median values for all items are located in the higher 'agree' areas of five and six, as shown in Table 3.

Table 3.

Descriptive Statistics: Ethical Leadership (EL)

My supervisor ...	M	Median	SD	Min.	Max.
1. Listens to employees	4.79	5.00	1.669	1	7
2. Disciplines in ethical violation	4.98	6.00	1.652	1	7
3. Lives in an ethical manner	5.06	6.00	1.774	1	7
4. Has interests of employees in mind	4.74	5.00	1.705	1	7
5. Makes fair and balanced decision	4.77	5.00	1.781	1	7
6. Can be trusted	4.78	5.00	1.847	1	7
7. Discussions on business ethics	4.82	5.00	1.669	1	7
8. Sets example in ethics	4.48	4.50	1.373	1	7
9. Define success not only by results	4.96	5.00	1.247	1	7
10. Ask about right things to do	4.53	5.00	1.493	1	7

This suggests a high confidence level of the employees that their managers provide ethical leadership, are trustful or show personal example by living in an ethical manner and disciplines in case of ethical violations.

Perceived Corporate Social Responsibility (PCSR)

PCSR presents how IFC's CSR policy and practice are perceived by the employees. To my interpretation, although the perception of the employees on CSR does not necessarily present a comprehensive TBL-based CSR, the relatively high Median value from five 'partly agree' to six 'agree', as presented in Table 4, suggests a high confidence of the employees in IFC's CSR policy and practice within their perception of CSR.

Table 4.

Descriptive Statistics: Perceived Corporate Social Responsibility (PCSR)

	M	Median	SD	Min.	Max.
1. Top management helping others	5.73	6.00	1.123	1	7
2. Committed to social responsibility	4.79	5.00	1.706	1	7
3. Social responsibility of management	4.62	5.00	1.613	1	7
4. Community service participation	4.99	5.00	1.567	1	7
5. Economic power and social responsibility	4.44	5.00	1.778	1	7

IFC has implemented some selected aspects related to CSR. According to the survey, IFC performs well in these areas in the eyes of the employees within their perception of CSR.

Environmental Consciousness (EC)

The Mean in Table 5 shows a value between six 'agree' and seven 'strongly agree', which is the highest Mean measured in this survey.

Table 5.

Descriptive Statistics: Environmental Consciousness (EC)

	M	Median	SD	Min.	Max.
1. Advise to keep environment clean	5.63	6.00	1.438	1	7
2. Annoyed about contamination	6.11	6.00	1.004	1	7
3. Respect for preserving environment	6.09	6.00	1.052	1	7
4. Healthy and clean environment	6.53	7.00	.773	1	7
5. Respect rule and regulation	6.18	6.00	.995	1	7
6. Rationalize energy consumption	6.29	7.00	1.028	1	7
7. Population explosion	6.43	7.00	.881	1	7
8. Scarce resources	5.74	6.00	1.332	1	7
9. Man and nature harmony	6.06	6.00	1.144	1	7
10. Future generations	5.32	6.00	1.579	1	7

As a possible explanation for this high Median value, I suggest the following: from the participants who disclosed their country of residence, 65% come from five Western European countries, USA, and Canada. It suggests this as the result of decades of work on sensitizing the people in these countries of environmental aspects, which are now reflected in these figures.

Perceived Organizational Support (POS)

Perceived Organizational Support (POS) is about employees' perception of how an organization values the employees' contribution as well as how it takes care of their well-being (Rhoades & Eisenberger, 2002, in Glavas & Kelley, 2014). In terms of taking care of employees' well-being, POS has conceptual similarities with CSR or, in other words, I suggest that its aspects are embedded in CSR, too. Table 6 presents the results.

Table 6.

Descriptive Statistics: Perceived Organizational Support (POS)

	M	Median	SD	Min.	Max.
1. Values the contribution to well-being	5.79	6.00	1.191	1	7
2. Care about employees well-being	5.32	6.00	1.429	1	7
3. Consider goals and value of employees	5.32	6.00	1.496	1	7
4. Help employees needing special favour	4.45	4.00	1.296	1	7
5. Show concern for employees	4.72	4.50	1.260	1	7
6. Take pride in employees'	4.94	5.00	1.434	1	7

Providing the perception about how employees see their organization, Table 6 shows the Mean to be around five, between 'neutral', 'agree', and 'partly agree'. According to Leveson et al. (2009) a high degree of POS leads to a feeling of obligation towards the organization (Leveson et al., 2009). This suggests an average level of obligation feeling of employees towards IFC.

Operational Performance (OP)

A Median value of four 'neutral' to six 'agree', presented in Table 7, suggests an average confidence level of IFC employees in the operational performance. I understand that the

management is averagely successful in gaining the confidence of the employees in the functional setup and the daily operations of the IFC.

Table 7.

Descriptive Statistics: Operational Performance (OP)

	M	Median	SD	Min.	Max.
1. Customer satisfaction	4.03	4.00	1.984	1	7
2. Product customization	4.43	4.00	1.794	1	7
3. Delivery speed	3.92	4.00	1.847	1	7
4. Logistic cost	4.01	4.00	1.824	1	7
5. Delivery dependability	4.03	4.00	1.768	1	7
6. Responsiveness	4.47	5.00	1.725	1	7
7. Order Flexibility	4.10	4.00	1.823	1	7
8. Delivery Flexibility	4.45	4.00	1.779	1	7
9. IS Support	4.27	4.00	1.767	1	7
10. Order Fill Capacity	4.59	4.00	1.698	1	7
11. Advance Ship Notification	5.38	6.00	1.256	1	7
12. Inventory Turn	5.09	5.00	1.361	1	7
13. Return on Asset	4.84	5.00	1.452	1	7

Corporate Financial Performance (CFP)

The concept of Triple Bottom Line (TBL) assumes that the integration of TBL-based CSR into the corporations business conduct would lead in an increase of corporation's profit. In taking CFT into the survey, I intended to capture the employees' perception of IFC's financial performance in order to see whether there is a tendency in the employees' perception of IFC's financial performance in order to discuss it with the interviewed directors. Table 8 presents the Median of five 'partly agree' suggests an average alignment of employees' perception of financial performance.

Table 8.

Descriptive Statistics: Corporate Financial Performance

	M	Median	SD	Min.	Max.
1. Users satisfied with financial performance	4.67	5.00	1.363	1	7
2. Financial commitment of professionals	4.77	5.00	1.587	1	7
3. Ethical standard influences performance positively	4.88	5.00	1.484	1	7
4. Users satisfied with quality of IS	4.86	5.00	1.524	1	7
5. Increasing profit over last 5 years	4.86	5.00	1.379	1	7
6. Proactive initiatives of financial management	4.74	5.00	1.361	1	7
7. Implemented IS successfully	4.70	5.00	1.342	1	7
8. Increased market share over last 5 years	5.06	5.00	1.434	1	7
9. Financial contribution to company's profile	4.88	5.00	1.602	1	7
10. Implemented financial processes successfully	4.61	5.00	1.719	1	7

Considering the discussion in the section 2.4 on the attributes of the selective view to CSR and according to my observations, IFC has a selective view to CSR and has implemented some selected CSR-related activities. These activities are managed in four different departments. As Table 8 shows, the employees provide an average positive perception of the financial performance although the core business remains untouched by these CSR activities in contrast to TBL.

4.4 Interpretation and summary

In the previous section, I presented the process of the survey, the demographic data and the descriptive statistics.

The demographic data suggested an audience of well-educated employees in the mid of the professional career with over-average incomes with 83% from Western European countries, USA and Canada. Two-third of the participants (67%) were male. 74% of the participants hold a Bachelor or a master degree. The descriptive statistics revealed that the employees believe that their managers provide ethical leadership and are trustful (Median=>5). They furthermore perceived that the CSR policy of IFC is trustful (Median=5). The participants showed a high level of the environmental consciousness (Median=>6) which could be explained that 65% of them came from Western Europe, USA, and Canada suggesting the results of long years of the public work on environmental aspects, such as pollution, global warming, waste prevention, and the likes. It also suggests that the employees would reflect and address high expectations in terms of an environmentally compliant business conduct towards their corporation.

The Perceived Organizational Support was perceived as high (Median <>6). The Operational Performance (OP) was perceived averagely (Median>4) whereas Corporate Financial Performance (CFP) of IFC was perceived as relatively high (Median=5).

Based on the conceptual framework described in section 3.1, Figure 2, the individuals' Environmental Consciousness (EC) acts as an *explanatory concept* (Wickers, 1965, in Jin et al., 2012) which shows a high Median value of =>6. This suggests a high awareness of environmental aspects at the individual employees' level. At the same time, the employees' perception of IFC's Ethical Leadership (EL) is high (Median=>5). These two concepts shape the employees' value and judgment system towards IFC to form their perceptions of CSR (Median =>5) and of the organizational support (5<Median >6). My interpretation is that these values firstly, demonstrate a higher employees' satisfaction and secondly and subsequently, influence and contribute positively to Operational Performance (OP) and finally, to a higher Corporate Financial Performance (CFP).

The scales used for this survey are all part of the TBL-based CSR. An important finding is that the performance of CSR activities, although dispersed in multiple departments at IFC, is

implicit and latent in other performance indicators POS and OP, and it is finally reflected in CFP. It could be argued, in addition, that employees with such a high individual environmental consciousness would not be satisfied if IFC didn't comply with their own code of conduct, kept lower ethical leadership, didn't provide proper organizational support, or participated e.g. in environment-impacting projects. This is important if considered that the proponents of the dominant functionalist management paradigm consider CSR as external to the business conduct and thus, as additional costs.

These findings are in line with my own observation and perception during my work at the headquarters and in the central departments where I had extensive interactions with employees at different levels to manage my IT delivery and transition programme. It was during these interactions that I realized the existence of a discussion forum about socially responsible investments, the existence of critical opinions on certain financial transactions and loan approval to companies involved in de-forestation projects in Indonesia, and the related protest of some shareholders during the yearly shareholder summit. Months after the shareholder summit, the employees still reviewed and discussed the critical discussion among the shareholders about the approval of this transaction. The general opinion of the employees was that the IFC should not financially participate in such projects for short-term profit. This suggests the high individual environmental consciousness and the expectation that the IFC shall provide the ethical leadership and comply with own policies for the ethical business conduct as manifested in various documents, such as in code of conduct and company's own sustainability policy documents.

I used these results to shape additional questions for the interviews with the directors, presented in chapter 5. In the later joint discussions and analysis sessions, presented in chapter 6, I presented these results to the participating IFC directors together with the results of the interview analysis as input for discussions.

5 Managerial Perceptions and Implications of TBL-based CSR

The survey and its analysis, as presented and discussed in chapter 4, provided the following findings: a) according to the demographic data, the participants come from different geographical areas and job levels. They are middle aged, have a good and high academic education, and are in the middle of their professional careers; b) they show a high level of personal environmental consciousness and incorporate it in their judgments of their employer and in the daily business; c) they believe that their managers show a high level of ethical leadership; d) they feel that the organization takes care of their well-being and as a result, e) they feel that IFC shows a good performance in CSR activities; and finally, f) the employees believe that IFC is showing good financial performance.

An interesting and important interpretation of the result, in addition, suggests that the CSR performance is latent and hidden in the other performance indicators.

After incorporating these results into the design of the interview process, I conducted the interviews with four IFC directors who lead four different departments covering various selected CSR-related activities. While analysing the organizational chart, I realized that these departments are located in different branches of the organization. This early observation suggested the lack of a holistic treatment of CSR resulting into a selective CSR view. This means that IFC has selected and is pursuing specific CSR activities without a long-term overarching strategy. The directors confirmed this perception during the interviews.

Viewing CSR from a holistic perspective considers the integration and alignment of economic, social, and environmental aspects into the business practice of a corporation. This helps to understand to what extent the CSR-related values are adopted by the employees and managers and reflected in the policies, regulations, and finally in the business practice. A holistic perspective of CSR generates and shapes common values in the corporation that are subsequently translated into behaviours. As discussed in the literature review (section 2.4), a selective view to CSR reduces the complex nature of CSR into functional blocks representing specific features and activities, selects and supports those that are beneficial, in line with and just for the sake of the core business and reputation. Subsequently, those activities that are tangential to the core business and creating limitations would not be supported.

I stayed at IFC for 13 months managing a global IT transition programme. In fulfilling this function and within this timeframe, I had close interactions with the managers and employees at different levels giving me the opportunity to a) identify the CSR-related activities and study

existing material and reports, b) get familiar from the inside with the company-specific terminology used and its meaning in order to develop a common language to communicate, c) gain insights about the CSR practice and identify ‘informal networks’ (Stacey, 2011) relevant to CSR practice, and finally d) identify key responsible managers to approach for interviews.

In this chapter, I present in section 5.1 an overview of IFC’s CSR activities and policies. Section 5.2 describes the purpose of the interviews and how the survey results contributed to shape my view of the interview process. In section 5.3, the coding process and the dimension building are presented and discussed in detail. A summary is offered in section 5.4 providing the conclusion of the analysis, its importance and role for the succeeding engagement with the directors and the joint analysis sessions.

5.1 CSR-related activities at IFC

In their sustainability report, IFC states their responsibilities in today’s interconnected world and recognises the broader economic, social, and environmental impacts of their activities. IFC is also a member of UN Global Compact, which prescribes universal principles related to human rights, labour standards, environmental protection and anti-corruption efforts. IFC reports to this body regularly. Furthermore, IFC states that they are committed to various international agreements and have integrated their standards into the corporate policy, such as UNEP Finance Initiative, Wolfsberg Group, Equator Principles, Principles of Responsible Investment (PRI), The Green Bond Principles, and Climate Bon Principles.

CSR-related activities of IFC are, according to their documents and publications, grouped into four areas:

a) *Responsibility in banking:*

IFC states their responsibility of taking account of social and environmental aspects when conducting business. Here, the focus is mainly on philanthropy (strategic philanthropy and charity), impact investment (microfinance, supporting education, fair trade), and sustainable investment and portfolio solutions. In addition, risk management, sustainability, and human rights are mentioned as key elements of responsible business conduct.

b) *Responsibility in society:*

IFC considers their responsibility to society as an integral part of the economy, creating value for all stakeholders, supporting humanitarian and charity projects and organizations, cultural and sporting events, engagement in dialogue with policy-makers, legislators, regulators, discussions in economic, political, and social issues, involvement in initiatives and associations. IFC supports selected partner organizations with funding and expertise to enable social and humanitarian projects

globally. IFC also maintains regular dialogue with regulators on international reforms and regulatory developments.

c) Responsibility for the environment:

IFC is concerned about the protection of the natural environment, efficient use of resources, addressing sustainability issues when managing risks, and develop products and services that incorporate environmental aspects for the clients.

d) Responsibility as an employer:

IFC aims to be the employer of choice, offering progressive working conditions, training, and varied career opportunities in a multi-cultural environment.

An interesting aspect is that IFC requires their suppliers to comply with their *supplier code of conduct*. A separate risk management activity assesses financial, operational, and reputational risks associated with dealing with suppliers. Other risk management activities assess the financial transactions and investments on whether there could be impacts on the environmental or climate change aspects, or whether there are violations of human rights, child labour, slavery, or breaking of sanctions are involved. There is in particular a reputational risk review process in place.

5.2 The study purpose

The purpose of the study is to reveal and to describe the contextual foundation upon which the management of IFC is operating when dealing with various aspects of TBL-based CSR, to analyse this together with the participating IFC directors, to generate actionable knowledge, and to identify actions for change. As the theoretical foundation, and as a lens for my viewpoint, I applied all the subjects I discussed in the literature review. Those subjects are in short:

a) the current general and specific CSR viewpoints in the academic literature in seeing corporations as an integral part of the societal and natural environments and with the resulting responsibility of the corporation towards them;

b) the corporation is not only considered as a functional organization created for conducting business but also as a social organization, which is embedded in the societal and natural environments it operates in. Therefore, the corporation as a social organization is complex and cannot be broken down into a functional structure without oversimplification. As such, as a complex organization, no clear demarcation can be drawn between the corporation and society or between the corporation and the natural environment, and, therefore, society and the nature are stakeholders together with shareholders, employees, regulatory bodies, governmental and non-

governmental organizations, and other types of stakeholders whose interests the corporation has to consider;

c) the dominant management paradigm in today's business world as well as at IFC is considered as being functionalist and single-focused on shareholders as the only important stakeholder. According to the functionalist management paradigm, the corporation is seen as a functional organization with clear demarcation with the outside world. Therefore, activities and subjects distant to the core business, such as CSR and the resulting responsibilities, are seen as external to the corporation. Subsequently, the regulations for those activities are seen as being with governments and regulation bodies and outside of the responsibility of the corporation. Another feature of the functionalist management paradigm is its focus only on facts and quantitative measurement mechanisms for evaluations and performance. In such a view, values and perceptions cannot be measured and are considered as biasing the subject of the measurement. This aspect is important at least when considering that employees incorporate their own individual values when evaluating business activities and their consequences. In the literature, the hostility toward ethical values has been attributed to the functionalist management paradigm;

d) Triple Bottom Line (TBL) theory is considered as the theoretical lens to view into CSR and as a possible comprehensive framework for the implementation of CSR at IFC, and to initiate a long-term change process. An important aspect of TBL theory is its holistic view into CSR considering all stakeholders, which contrasts with the reductionist and selective view which selects and implements only those CSR-related activities that are suitable for the corporation's business agenda. The core statement of TBL theory is that the consideration of the interests of the society and nature in business practice would not be at the price of loss of profit, and therefore CSR should not be seen as an additional operational cost to the corporation. The recent academic literature discusses the integration and adoption of TBL-based CSR suggesting that it would open new business opportunities and be a source for innovations. Such a process would initiate a paradigmatic change at the management level.

Within this theoretical context and with the consideration of the results of the survey, I shaped additional questions to those planned initially. Throughout the interviews and their analysis, the study examines whether and to what extent the above-mentioned subjects are reflected and adopted by the IFC senior management, as well as integrated into the daily decision-making processes. Furthermore, I elaborate how far the participating directors reflect upon CSR-related issues and whether they identify them as linked to the dominant management paradigm. After the interviews and after my analysis of the interview data, in joint analysis and reflection sessions, the directors and I discussed the results of the interviews together with the results of the survey. During

the interviews, the directors were not aware of the existence of the survey and its results. This had been my intention, to prevent leading them into a particular context and influencing the interview data. In the joint analysis sessions, however, I presented and discussed all the results as an introduction for the discussions.

A major finding of the survey analysis was the latency of the performance of CSR-related activities. The CSR performance is hidden in other performance indicators, such as in Perceived Organizational Support (POS), Operational Performance (OP), and finally in Corporate Financial Performance (CFP). The individuals' Environmental Consciousness (EC) acted as an explanatory concept together with corporation's Ethical Leadership (EL), environmental policies, and code of conduct in personal value building and judgment. I also explained the conceptual model for the survey showing how these items were interrelated and used to capture the perceptions of the survey participants and how the results were produced.

Whereas in the literature, as well as in practice, quantitative measurement mechanisms, indicators, and tools exist to evaluate the performance of a corporation, such as operational performance, job satisfaction, organizational commitment, and so on, it is not possible to measure the CSR performance. In the literature review, the concept of Corporate Social Performance (CSP) was discussed. CSP aims to quantify the performance of CSR in a functionalist way of simplification and quantification of a complex phenomenon. This aspect gains importance when considering that within the context of a dominant functionalist management paradigm quantification matters and performance is judged based on facts and figures. This suggests an explanation why CSR is perceived as an additional cost and why only those CSR activities are supported that are peripheral to the core business. In this context, I asked additional questions in the interviews to get more insights and to elaborate the challenges in the daily business when dealing with CSR. The directors reacted enthusiastically when I explained in the joint analysis sessions the results of the survey, pointing to the latency of the CSR performance in other performance indicators. They provided examples from their challenges supporting this finding, e.g. the challenge to get budget approvals or being subject to budget cuts during difficult financial periods. One of the directors phrased it during the interview: 'we are sometimes seen as a luxury group' (DIR 2 in the interview session)¹. Roszkowska-Mankes (2016) used a similar statement when evaluating how the corporate leaders dealt with the term CSR for 'whitewashing' or 'greenwashing' purposes in seeing it as an "add-on luxury" (Roszkowska-Menkes, 2016).

¹ For anonymity purposes, I do not use the personal pronouns. Instead, I use terms like 'this person' or DIR x.

In the contextual framework of my thesis, organizations are perceived as social entities with involved complexity and not as only a functional organization for the specific purpose of conducting business. One of the attributes of a complex organization is the existence of informal networks that act, according to Stacey (2011), as local agents in *dynamic patterns of relationships* (Stacey, 2011). With this in mind, it was of importance to me as an insider researcher to identify informal networks and to gain additional data. With this awareness in mind, I was listening passively to a discussion in a group of the members of an IT department in the cafeteria where they were discussing socially responsible investments. Two individuals had initially asked questions about which shares to buy privately. When names of potential companies were mentioned, the discussion went in another direction as to whether those companies were involved in socially irresponsible projects and that this should be a selection criterion. In particular, the names of some US IT companies were mentioned which, according to the participants, were not paying taxes anywhere and, therefore, shares of those companies should not be bought. The six European banks involved in LIBOR and currency exchange rate manipulation were mentioned, too. Within this discussion, an internal discussion forum was mentioned and I asked for the intranet location of it. In this forum, the employees discussed whether or not to invest as private individuals in companies that behave irresponsibly in society, ignore environment protections regimes, or bypass regulations. This forum was on an intranet portal, accessible to all employees. One of the discussion threads was about the stock market. The participants in the discussion exchanged ideas and information similar to the discussion in the cafeteria about buying shares of different companies (not IFC's). Some participants argued that an ethical evaluation of the target company should happen prior to buying shares of that company in order to ensure that they do not buy shares of a company that was involved in unethical activities.

Needless to say, the proponents of the shareholder value and profit-maximizing paradigm presented their arguments against these positions.

In another discussion thread on this forum, the employees discussed an incident during the last shareholder summit, where some of the shareholders posed questions to the management board about a financial transaction in a company that was involved in a de-forestation project in Indonesia and why the management approved this loan transaction ignoring this irresponsible business practice. It was surprising to observe that such an open discussion within an international financial institution was still ongoing after months. It also suggests that the shareholders, although a small minority, are becoming more sensitive to socially responsible investments, as also presented in a study conducted by Flammer (2013). Even at this early stage, where critical opinions are being voiced by a small group of shareholders, a corporation cannot ignore the reputational risk when

assessing potential business opportunities. In the case of IFC, the corporation employs a group assessing those risks within the approval process of financial transactions, led by one of the directors I interviewed.

To me these discussions were of particular interest because a) They were happening openly within IFC as an international financial corporation and a bastion of shareholder value paradigm and b) many employees of various IT-related departments participated actively and challenged the dominant arguments of the proponents of the shareholder value paradigm. Through the years of my professional experience, I had gained the impression that IT and technical people were more passive and cautious in such socially critical discussions rather than presenting critical opinion openly within the facilities of their own employer and visible to everyone. This suggests the emergence of socially responsible investments in the employees' mindset. It also suggests the existence of a culture of open discussions within IFC. To what extent this openness exists, I could not evaluate. In the interviews, the IFC directors confirmed the existence of such discussions within IFC.

These insights in mind helped me to design the interview questions in a way to unveil more information about the perception of CSR within IFC.

5.3 The interviews, coding, dimensions building, and analysis

The departments of the interviewed directors deal globally with different sustainability items, such as risk approval of the bank loans and investments, microfinancing, corporate citizenship, accessibility matters, charity and philanthropic activities. The directors were two females and two males, all middle-aged with academic educations, each with more than 20 years of professional experience, leading departments with global responsibility at the headquarters.

The interviews were based on the open-ended questions listed in the interview guideline (Table 1, p. 44). Due to the subject-specific job focus of every interviewee, the interviews led to in-depth discussions with additional sub-questions revealing more insights. All the interviews exceeded the scheduled time of 30-40 minutes and took up to 90 minutes.

The interviews were audio recorded and transcribed by a professional assistant. By applying the Gioia Methodology and its terminology (D. A. Gioia et al., 2013), explained in the design chapter 3.3, the texts were analysed and relevant text chunks were extracted and listed in a data matrix. Every row of the data matrix contains the code id, anonymised interviewee (DIR 1 to DIR 4), the paragraph number, the sentence number, the paragraph text, the code name, and an initial possible dimension. In the first round of text reduction, 143 text chunks and paragraphs were identified in all four interviews and marked with proper codes. In the second round, the

paragraphs and text chunks were highlighted and assigned to a specific code. In the third step, closely related or redundant codes were combined, and recoded. In this way, the number of codes was reduced from 143 to 99 (1st-order concepts). In a fourth and final coding step, the number of 1st-order concepts were again reduced from 99 to 15 (2nd-order themes) and assigned through axial coding to six dimensions. Figure 3, Figure 4, and Figure 5 present the data structures.

This section describes the coding process explaining the attributes of the identified dimensions.

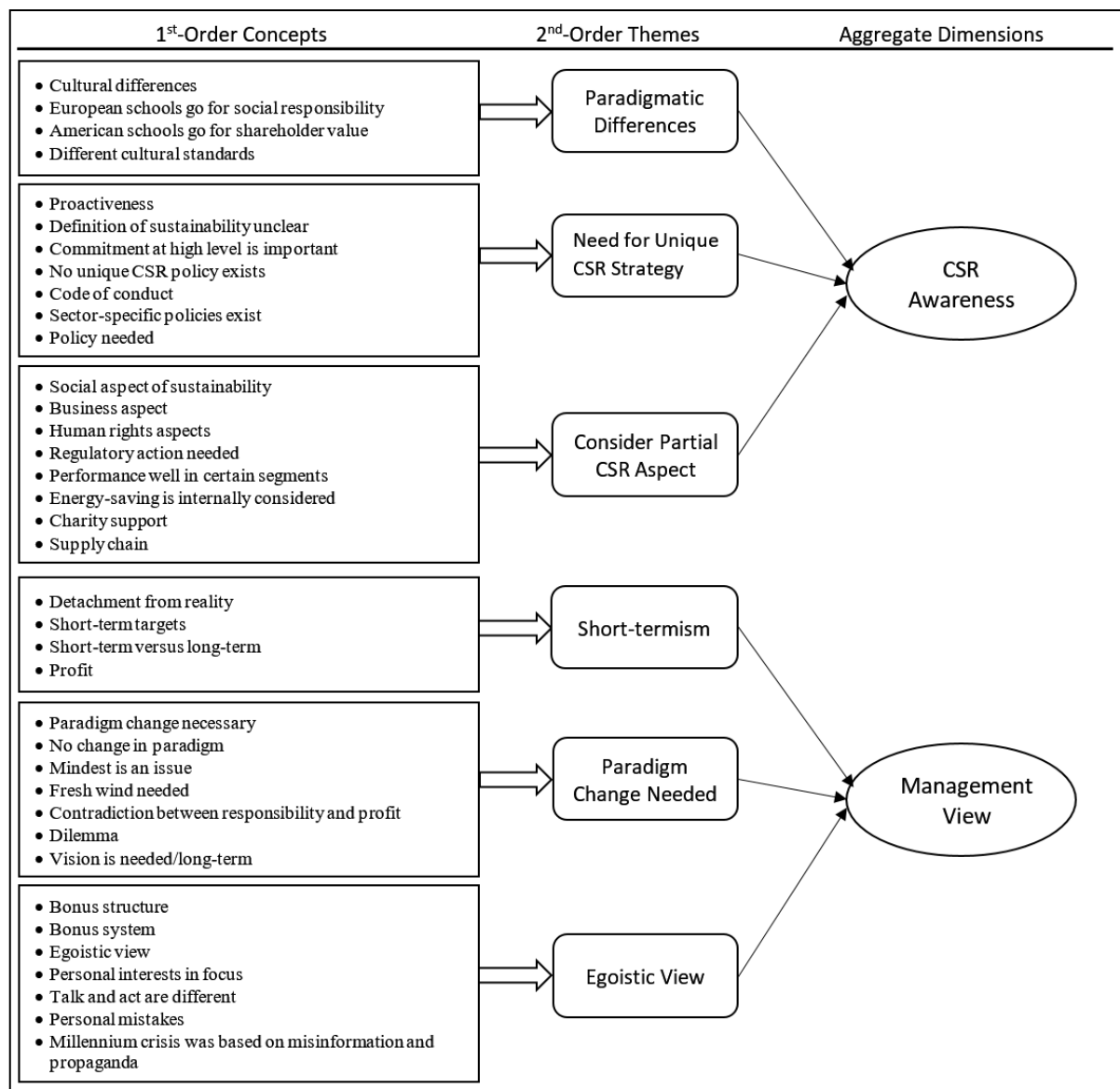


Figure 3.

Data Structure for the Dimensions CSR Awareness and Management View

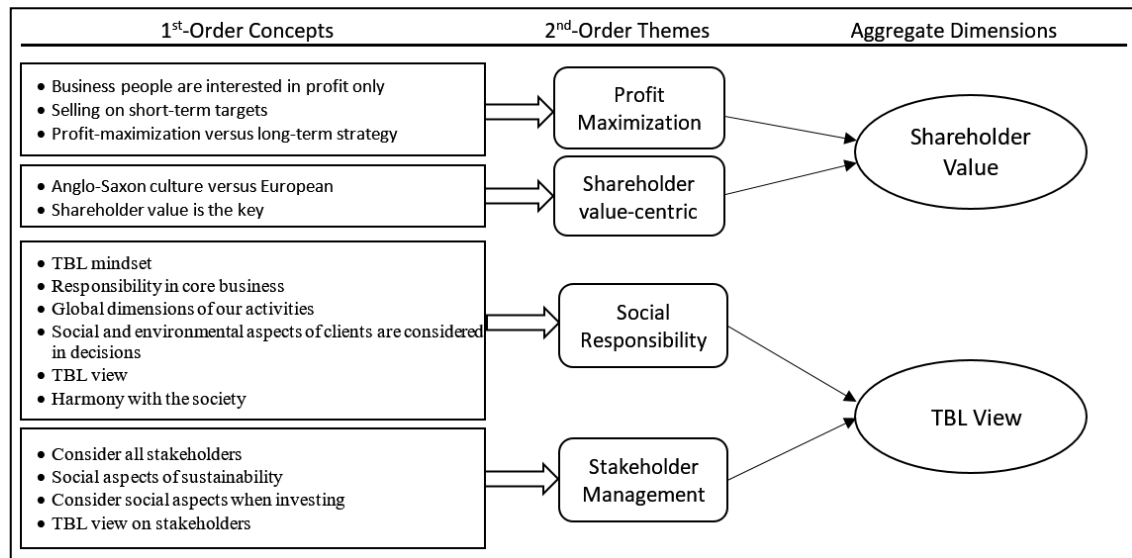


Figure 4.

Data Structure for the Dimensions Shareholder Value and TBL View

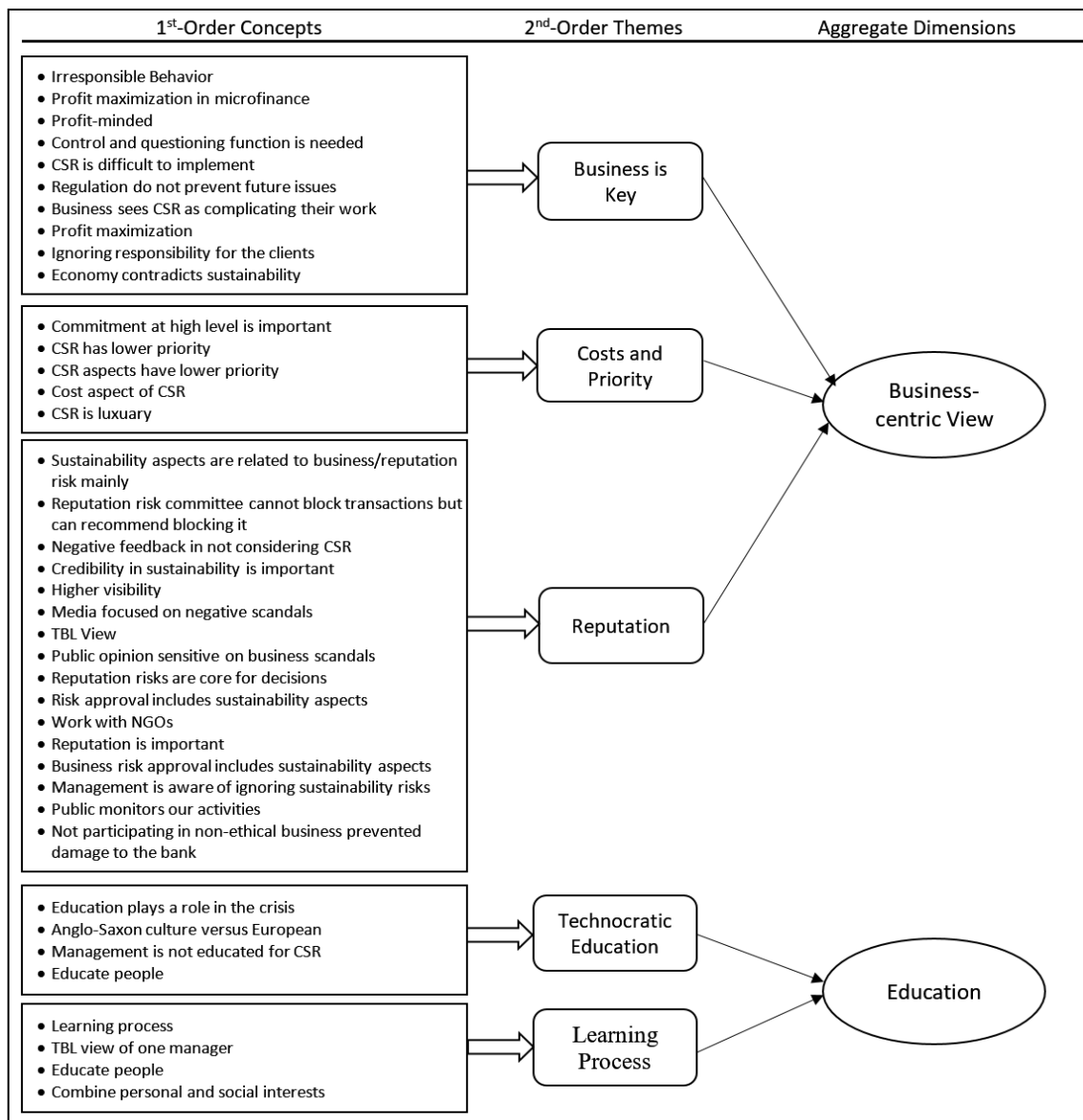


Figure 5.

Data Structure for the Dimensions Business-centric View and Education

During the coding steps and for extraction of the 1st-order concepts, I used the terminology and phrasing of the IFC directors taken from the statements to ensure accuracy of the original meaning. After several cyclical rounds of coding and re-coding, I used for the 2nd-order themes a title that was most suitable for the grouping of the 1st-order concepts into a 2nd-order theme. For the dimensions - also called categories in the literature – the titles used reflect the essence of the statements of the directors as well as my own sense-making. The assigned attributes to every dimension present both views. As an example, for the dimension *Management View*, the directors mentioned the bonus schemes of the managers and the individual personality traits of being more profit-oriented or being an opener for social activities and supportive for CSR as attributes. As my interpretation, I assigned the ‘egoistic view’ and ‘short-term thinking and acting’ into that just in order to present them all together to the directors in the joint discussion and analysis sessions and initiate deeper discussion to reveal more insights.

However, at the beginning of the joint discussion and analysis sessions, I presented this process and received their confirmation or, in case of corrections, their recommendations and explanations. In this way, I ensured that all the participants used the same terminology and meant it the same for everybody. Table 9 shows the attributes assigned to each dimension showing my sense-making.

Looking at the 2nd-order themes and the resulting dimensions, they show from a high-level viewpoint two areas: a) they point to the dominant management paradigm and b) they show the existence of expectations of the stakeholders from a CSR point of view. So far, the story around these dimensions indicates a conflicting situation between these two areas and reflects the current managerial situation around CSR at IFC and, in addition, how this could be explained and where it could be rooted. For instance, *education*, which was not on my list of questions, was brought into the discussion during the interviews by the directors, and further explored during the joint analysis as an influential parameter for both causing managerial issues (technocratic education) as well as a part of the necessary change (learning process).

Table 9.
Coding and Dimension Building

2 nd Order Themes	Dimension	Attributes of the Dimension
1. Paradigmatic Differences 2. Need for Unique CSR Strategy 3. Consider Partial CSR Aspect	CSR Awareness	No overarching unique understanding of CSR exists. Paradigmatic differences cause different priority setting at the management level. Some CSR activities are performed through various departments.
4. Egoistic View 5. Paradigm Change Needed 6. Short-termism	Management View	Egoistic view exists regarding position, individual personality and targeted bonus. Business managers think and act in the short term and focus on achieving their targets. CSR managers perceive that a paradigm change at the senior management level is necessary. This dimension is of central importance as it affects all other dimensions.
7. Profit Maximization 8. Shareholder Value-centric	Shareholder Value	Focus on profit maximization only, egoistic behaviour, short-term thinking and acting, shareholder value is the main paradigm.
9. Social Responsibility 10. Stakeholder Management	TBL View	An awareness exists that business conduct has to consider social and environmental aspects together with profit. Business has to consider the interests of all stakeholders impacted by every business activity.
11. Business is key 12. Cost and Priority 13. Reputation	Business-centric View	Main focus on the business as the core activity, achieving the targets, focus on specific CSR item because it helps the business, and considers CSR as an aspect of reputation risk consideration; when it comes to cost reduction, CSR-related budgets in different departments are impacted.
14. Technocratic Education 15. Learning Process	Education	Managers are trained as technocrats and focused on core and specific business fields and do not have a holistic view of the business. There is a learning process in the core business groups during their interaction with various CSR-related departments.

The dimensions *CSR Awareness* and *TBL View* appear to show an overlap by nature but they are listed separately because *CSR Awareness* focuses on the company-specific aspects of sustainability and also presents the existence of CSR awareness in the mind of the directors as well as in the current CSR activities of IFC. *TBL View* covers the overarching TBL-based CSR aspects and provides the holistic view describing the alternative to the current CSR practice of IFC. *TBL View* is also partly reflected in the views of the directors. The dimension *Management View* is in the central focus of the research and thus of central importance as it relates to and dominates other dimensions. This dimension emerged in the interview process and was proposed by the directors when it came to various discussions about the limited view of the scope of every department, overlaps in their missions and visions, and gaps and limitations in terms of responsibility, budget, and authority. Thus, the *Management View* not only reflects the dominant management paradigm but also contains the expectations of a paradigmatic change of the management.

5.3.1 General comments on the interviews

I interviewed the directors one-by-one on different days and in their own offices at IFC. At the beginning, I felt a certain distant behaviour with three of the directors as if they were waiting to see what I was going to deliver and whether this could be an interesting subject and of benefit for them. Therefore, I needed to present in detail what I was going to do and how the subject was relevant to their daily work. Once they realized the importance of the subject, they showed not only high interest in the subject of the conversation but also agreed to participate in the joint discussion and analysis phase. The interviews took up to 90 minutes on the time exceeding the initial schedule of 30 to 40 minutes.

Not all the directors felt comfortable in providing clear responses to all the questions. Depending on the subject, the question, the scope of work of their department, and the personality of the interviewee in being hesitant or open, the responses were different. When I felt that the response was not clear enough, I re-phrased a particular question or came back again to that question. In this section, I present the conversations and quote those responses that provide clear statements.

One of the initial observations, and thus the first question, was that the IFC sustainability report was called *Corporate Responsibility*, avoiding the standard term of Corporate Social Responsibility. The interviewees responded that it was just a name. However, a deeper look suggests a connection between this title and IFC's selective view into CSR.

Another initial question of why these four departments are in different branches of the organizational structure shed more light into this. It revealed that there was no unique definition and perception of the term CSR in the organization, although the sustainability report document implies a wider understanding of CSR. The directors stated the lack of comprehensive understanding of CSR at senior management level, as well as the profit-centric mindset, as reasons for this dispersion. Therefore, the extracted dimension *Management View* includes not only the interviewees' managerial viewpoints but also their perceptions of IFC senior management when it comes to dealing with challenges.

The revealed dimensions are discussed together with their overarching 2nd-order themes in the next sections.

5.3.2 Dimension: CSR Awareness

The dimension of *CSR Awareness* presents the awareness that exists at IFC, not just in the mindset of the interviewed directors or in the practice of CSR at the corporation's level. The

extracted codes present different aspects of CSR, whether they exist as ideas or already as implemented (no matter to what extent) or not. If there are discrepancies, it presents the opinion of the directors as to what might be the cause and what expectations towards management could be or are already articulated within IFC.

CSR Awareness contains three 2nd-order themes:

- a) *Paradigmatic differences*. The differences between the understandings of the directors of CSR, their daily work and how it should be and the understanding of the senior management of CSR are of paradigmatic nature. The senior management sees CSR activities as additional costs but necessary for public reputation, marketing and somehow for greenwashing/whitewashing. The CSR directors see in their work not only added value but also have a deeper understanding of CSR based on their daily practice on the ground;
- b) *Need for unique CSR strategy*. There is no overarching CSR understanding and definition at IFC. Therefore, the CSR activities are specific, overlapping, or there are gaps. There is not an overall strategy connecting them;
- c) *Consider partial CSR aspect*. Current CSR activities cover some CSR aspects as they are selected and implemented. IFC is active and shows good performance in some of these activities, but ignores some others completely.

When studying IFC's CSR activities and the published documents, a first observation was that the CSR activities are in different departments which are located in different branches of the organizational structure. I had the perception, that there was probably no overarching CSR strategy. Therefore, I asked this question: why are the CSR activities are dispersed in the organization? The responses revealed that there is no unique definition, understanding, and scope of CSR. It does not change the situation that according to the statements of the directors IFC is showing good performance in certain CSR-related areas, such as in reporting to international bodies. This suggests a paradigmatic dissensus between the senior management and CSR-related departments. Where DIR 2 wished sustainability to be 'the DNA of a company to behave responsibly', DIR 3 reported existing sensitivity in dealing with:

... non-governmental organizations looking at how we deal with environmental issues or human rights issues, Greenpeace or WWF or Amnesty International. They want to see what all of these things mean for a bank and [then] they interact with us...

Before interpreting these two different statements, a discrepancy could be identified. DIR 2 is expecting socially responsible behaviour from the corporation and therefore calls for CSR be the

DNA of the company. DIR 3 points to a specific activity where IFC shows good performance in presenting existing sensitivity of IFC. In this regard, the IFC management appears to be sensitive because misbehaviour would lead to reputational damage in the public view, and subsequently negatively affect the core business and the profit. However, when talking about ‘sustainability as the DNA of a company’, my interpretation is that it necessitates the integration of CSR into the core organizational processes, including the business processes and the management paradigm. In other words, sustainability needs elevation from *doing* into *being*.

During the interviews, when they presented examples of positive performance of IFC in some particular CSR activities, I mentioned Vigneau et al. (2015) who explained that even selective CSR activities lead sometimes to adjustments of organizational processes and thus to improvements, such as trying to be compliant with international CSR reporting standards. (Vigneau et al., 2015). The reaction was different and controversial. DIR 3 confirmed that such activities would lead to improvements:

We have for example in the Human Rights space with the United Nations’ guiding principles. We have developed an approach – what this means for a bank like us. We have implemented that and quite an influential NGO network called ‘Bank Track’ has conducted a study of, I think, about 15 or 20 banks on how they have implemented United Nations Guiding Principles on Business and Human Rights. The bank was ranked second, so second best. So this is positive feedback.

While accepting the positive performance in particular areas, DIR 2 pointed to the missing overarching CSR strategy:

We have various departments but we do not have a unit, which brings [it] all together. This is exactly the problem we have. ... the one does not compensate the other.’

DIR 1 presented a view which showed a comprehensive CSR understanding in connecting business profit to a socially responsible business conduct:

It has social aspects as well as business aspects. Social aspects mean to me that we as a bank have some benefits from the society and we would like to give some back in a direct or indirect way.

The response of DIR 4 was similar to DIR1, going further into the paradigmatic differences not only within IFC but also in the industry and, in particular, between the United States and Europe that influence business activities, by discussing the Enron scandal case:

... the guy that was from the US who had been the most trained in business in the US, who had actually worked with Anderson, you remember, the guy from Enron. He was like, “No, the only purpose is shareholder value maximization and that's it”. And, ironically he had done the Peace Corps, where you spent two years in a small community doing volunteer work. And, this guy had done that. So, if somebody who is socially minded and responsible but when it came to the corporate says, “No, the goal is shareholder value maximization, that's what you got to do”. ... and so, getting over that, where the Europeans would say, “No, you have to think about your employees, you have to think about this and that”.’

Leaving aside the US-Europe antagonism in this regard implied by this statement aside, it shows once again the dilemma those senior managers of large corporations have. Even if individual managers wished to behave in a socially responsible way, they could not lead into a major change initiating a transition and transformation because they are ‘trapped’ in a complex system based on short-termism and profit maximization. This will be discussed in more detail further in the thesis.

The interviewees demonstrate with these statements that even having good performance in some aspects of sustainability cannot be a substitute for a holistic overarching CSR strategy in the corporation. In an ideal case, stated by DIR 2, CSR should be the DNA of the company. This knowledge has been gained by the directors on the ground when dealing with challenges.

5.3.3 Dimension: Management View

Management View emerged from the data as a central dimension relating to all other dimensions during the coding and re-coding process. It combines three 2nd-order themes of:

- a) *Egoistic view*. This 2nd-order theme points to the individual viewpoint of managers and to parameters that lead to developing an egoistic view and focus on personal interests: the bonus structure, the elevation, or setting, of personal interests as a priority over the company's interests;
- b) *Paradigm change needed*. Codes pointing to mindset, limitation of viewpoint, dominant paradigm in the business world, prerequisites for a socially responsible business conduct are grouped in this 2nd-order theme;
- c) *Short-termism*. Single focus on profit maximization only is attributed to short-term thinking and acting. Paradigmatic changes toward socially responsible business conduct need long-term planning and implementation.

During the interviews, when discussing the dominant management paradigm, in response to my question regarding their opinion about the economic crises and financial crashes in recent decades, the directors provided insights from their own observations and addressed paradigmatic aspects such as short-term thinking, profit-maximization, bonus structure, egoistic mindset, and educational shortcomings, as causes for the issues. The IFC's senior management was not directly addressed.

Referring to the hype created by dot.coms around the Millennium, DIR 4 identified the profit-focused view, bonus structure, and ignoring CSR aspects as issues:

I think exactly because corporate responsibility was not seen as also involving [CSR], going beyond financial first, only profit-focused, you ran into these situations of maximizing profits at all costs – profits for the company or for the bonus structure – and so I think we distanced ourselves very much from what our responsibilities towards clients – towards, you know, following rules and regulations and legal systems – and I think that was a big player in the reasons for the crisis.

DIR 2 introduced a new aspect by pointing to egoism and selfishness as other attributes of the current management paradigm and as a possible cause for issues:

The problem is that the managers [feel] – at least the feeling they convey to us – “We are important, we are wise, we do everything, we bring the results”. But, they forget that actually every single employee contributes to the entire success.

Addressing bonus structure of the managers, its direct link to the profit-maximization imperative, and the selfishness of the managers as an issue in management in this discussion, is in line with Mintzberg et al. (2002) where the authors discuss half-truths and fabrications of shareholder value. The ‘self-interested’ managers manipulate the shareholders for their own purpose because the shareholders are distant to the corporation and passive (Kenneth Galbreith, 1932, in Mintzberg et al., 2002). Galbreith's statement here could be continued by the above-mentioned statement of DIR2 where the same manager would ‘manipulate’ the employees and the corporation about his/her fundamental role in the success of the corporation.

Addressing the bonus structure of the managers and its direct link to profit maximization, Mintzberg et al. (2002) pointed to the disproportionality between the high bonus payments to chief executives and profit growth of the organization and income growth of the workers. According to a survey “Executive Excess 2001,” conducted during the 1990s by the Institute of Policy Studies, CEO pay rose by 570%, while profits rose by 114%, and average worker pay rose by 37% barely ahead of inflation (which was 32% over this period). Had workers' pay kept pace, they “would have

averaged \$120,491 instead of \$24,668" by the end of the decade". In 1999, while median shareholder returns fell by 3.9%, CEO direct compensation rose by 10.8%" (Mintzberg et al., 2002). I brought this reference in at the end of the interviews to complete the picture.

Mentioning the recent Volkswagen emissions scandal, DIR 3 addressed ethical issues at a personal level:

If you mention the Volkswagen case, I mean, it is kind of clear - even as a small child growing up you learn that it is not right to deceive other people, to lie to your mother or deceive your sister, whatever, or brother. This is what they did.

I injected here: Are you saying this was an isolated act of some ethically corrupt individuals at the management level?

DIR 3: They may have excuses and reasons. But, at the core of it, it's something that I think a person with the right attitude would try to do the right thing, could have detected it.

Here DIR 3 seems to see this scandal as a criminal act of a single person or a particular group of managers within a particular company. This perception does not match the literature where several scholars discuss such scandals as a result of a management paradigm based on profit maximization, short-termism, and shareholder-value orientation.

Responding to my question of whether there is a need for a new management paradigm, DIR 1, who was hesitant and cautious in making statements and almost always started his responses with 'this is only my personal opinion and not the official position', was clear here:

Certainly yes. This is indeed the entire hierarchy. So that one gets certain target to achieve from the top and was obliged to achieve that. By not achieving the target, there were consequences – in terms of bonus. And then this total greed for money – this bonus system, that one gets certain targets. That much – these are your targets and if you overachieve them then you receive more money. These are result- and balance-dependent payments that increase and increase the appetite of the people so that people accept all this. ... Probably there, the economic criteria contradict sustainability criteria.

DIR 2 responded:

I think if we really want to somehow manage challenges that the world brings and want to have certain success, because the problems that we do not solve in 20 years will appear again in another dimension, then we really need a fresh wind.

With DIR 4, I had a more insightful discussion:

Yes, I think that it is key. There's a lot that can be done on good will of employees and I see that on a daily basis because I run a number of programs where I engage directly with medium level employees in order to get them involved in this kind of topics. And there's a lot that they can do. ... you need to have support from the senior management and that message needs to come loud and clear from the senior management in order to impose rules and regulations around... And not just... and beyond rules and regulations. It's got to be more than just conforming.

Me: Do the senior managers need to change their mind?

DIR 4: I think they still need more convincing that this really will make the difference with their clients. That it's beyond a nice thing to do. ... And I think in some companies the management makes very clear statements around - I'm not going to take a bonus this year or I'm not going to always fly, I'm only going to fly once a month or I'll fly economy instead of always business class or first. But that is by no means everywhere ... when things are going wrong, only as a response to a crisis. It should be more of a cultural approach at your organization. Also, in order of it to be impactful. Because if it's detached of the culture of your organization then people are not going to stick to it. It's got to trickle down, it's got to be consistent across your HR-policies, your clients, management, etc. etc.

Me: A paradigmatic change?

DIR 4: ... And it's probably short-term versus long-term.

Me: in what sense?

DIR 4: Because you often need to... I think the positive impact of corporate responsibility is often more of a long-term... but it often has a short-term cost and at a time where an industry is struggling and - for instance in financial services, you're cutting headcounts and you're not making as much profit as you used to and you've got to explain that, than it gets harder. It takes a courageous individual to say: And on top of it, we're going to put money into something that doesn't originally in the first instance generate more revenue but in the long distance will make a difference.

Me: This is a good point. You have to plan for fifteen years, but you have time for five years as a senior manager ... it's conflicting.

DIR 4: And of course, there's the Unilever story of Paul Polman getting rid of quarterly results I haven't yet... maybe you know what the result is of that or if that's a problem

for Unilever to not do these quarterly results anymore when it comes to attracting investors and if it's working.

DIR 4 continued the discussion towards the role the education system, which is presented later in section 5.3.7. This person was much more involved in CSR issues in daily practice and was already informed about the new trends at other companies. Unilever was mentioned together with General Electric.

Focusing on their own corporation, the directors observed that CSR is not a paradigmatic component in senior management's decision-making process; although it was pointed out, that the IFC has a good performance in certain CSR-related fields. However, the directors also mentioned that the holistic viewpoint did not exist. Therefore, dealing with CSR often depends on the priority setting of an individual senior manager in charge at the board level or on the financial situation of IFC and the prioritization. Thus, as different CSR-related departments are under different managers, an overarching CSR strategy cannot be defined within the current set up. Subsequently, activities are limited to the departmental scope and depend on the priorities set by individual managers, their willingness to cope and coordinate with other departments, and certainly on the budget situation. This is another explanation for my observation that IFC shows different performances in sustainability-related activities.

As already discussed previously, the good performance of IFC in some CSR aspects is based on a selective view into CSR and in those areas that do not touch the core business but help in building a good public reputation. A comprehensive holistic view into CSR, as TBL presents, necessitates a change in the management paradigm, away from short-termism and shareholder-value orientation towards the TBL and long-term profit expectations.

5.3.4 Dimension: Shareholder Value

This dimension combines two 2nd-order themes of:

- a) *Profit maximization*. This 2nd order theme points to the codes presenting the mindset of the business people as only profit-oriented, short-term focused in selling profitable products in order to achieve the given targets;
- b) *Shareholder value-centric*. The viewpoint is that business is conducted within the context of shareholder value and profit maximization.

When asked about the challenges of implementing CSR-related items, the interviewees explained this by using terms such as business-only mindset, profit maximization attitude, and such like. Talking about the business departments and their scope, DIR 3 stated:

...that is clear for us and our reputation internally is also so, that the people we deal with, let's say 95%, say, yeah, these guys are business-minded. You know they are not environmentalists. But, we have to consider that.

DIR 2: ...if I do not make certain investments, I cannot expect certain return. It is simply difficult to show the customers and shareholders certain return at the end of the year if we ignore certain things. There are many customers who would say, 'I don't care about the environment. The key is to have a good performance at the end of the year'.

It shows that the business departments would immediately be in a dilemma if they changed their minds by complying with the requirements for a sustainable business; they would probably lose their clients. They are embedded in a chain of profit-maximizing interests and have to respond accordingly. They are one of many different actors within a complex environment of the profit-generating chain. According to this, the targets of the business people are defined and examined in the short term. On the other hand, however, CSR targets are long-term by nature. Therefore, CSR targets cannot be considered by business-minded, shareholder value-driven business people, even if they wished to do so, as long as the shareholder-centric mindset dominates their business world.

This is an interesting aspect showing that a sole business organization cannot radically change its business focus. When discussing the recent economic crises and financial crashes in the past 15 years, all the directors pointed to Shareholder Value as a paradigmatic framework causing these issues. In explaining the Millennium hype around the years 2000-2002, the rise of the so-called New Economy, the internet bubble, and the crash afterwards, DIR 1 pointed to profit maximization, short-termism, and the link to the bonus structure:

They had to sell a certain amount of packages or so. It is a kind of propaganda, a kind of misleading the people. And, I think this on the one side that they didn't know anything at all, so [they provided] misinformation about all that. This is indeed the entire hierarchy. So that one gets certain target to achieve from the top and was obliged to achieve that. By not achieving the target, there were consequences – in terms of bonus.

DIR 2: The key is to have a good performance at the end of the year. And, this is probably the challenge. ... I am not sure whether all the customers and stakeholders have the understanding and say: yes, it is ok.

DIR 4: ... you ran into these situations of maximizing profits at all costs – profits for the company or for the bonus structure.

The discussion reveals two sides of the situation: a) Shareholder Value, short-termism, and bonus structure on the one side and b) a complex business environment on the other. Even if a sole business organization decides to implement a sustainable long-term business by moving away from a business case based on Shareholder Value and profit maximization, as a part of an existing complex system this would not lead to radical changes but they might initiate it without a prospect of success. On the other hand, the attention of the capital markets to CSR is emerging as a reaction to the financial crashes of the recent years. The Domini 400 Social Index has been created for this purpose and Becchetti et al. (2012) found that exiting from this index has a negative impact, but entering into it has no effect on the equity market and stock price. The authors explain this as a growing influence of ethically screened funds (Becchetti et al., 2012). This might support CSR initiatives within corporations from the capital market side by putting pressure on business departments to accept CSR considerations.

5.3.5 Dimension: TBL View

This dimension is based on Triple Bottom Line (TBL) sustainability, which is the theoretical framework for CSR in the thesis. It examines if, and to what extent, the TBL understanding is presented in the interview data. It contains two 2nd-order themes of:

- a) *Social responsibility*. This 2nd-order theme groups the codes around the TBL mindset, the global dimension of IFC activities, harmony with society, responsibility in the core business, and the consideration of social and environmental aspects of the clients in the decision-making processes;
- b) *Stakeholder management*: This is about the consideration of the interests of all stakeholders and the social aspects of sustainability.

The third pillar of TBL theory, making a profit, has been considered as existing and represented by other dimensions. Therefore, it is not further explored.

The interviews suggest that all the directors have a comprehensive understanding of CSR in considering the environment, society, employees, shareholders, and clients, as the main stakeholders of the corporation, together with business interests and profit. They mentioned this in several statements when they were describing the scope of their work, the challenges with business departments, and with the senior management, or when giving their opinions about the past financial crises and about the management paradigm. DIR 1 explained:

It has social aspects as well as business aspects. Social aspects mean to me [difficult to understand] that we as a bank have some benefits from the society and we would like to give some back in a direct or indirect way. ...In my opinion, sustainability has to be a hard criterion, not 'nice to have' but really fundamental.

Me: How do you convince business people with this?

DIR 1: Just look at elderly people ... if one looks closer at the business aspects. This is a larger business, too. So if we look at the elderly people ... the baby boomer generation is coming gradually to retirement and they have more money, too, they have more resources and they will also keep longer fit. And therefore, if we consider the needs of this group we could as a bank have part of it. We would benefit from it, too. It has both aspects, I mean we are a private enterprise, one would like to profit from it, too, but on the other side one could do something good to the society at the same time.

Requiring sustainability as a hard criterion for a banking business is in full accordance with TBL theory. Furthermore, seeing a business opportunity with elderly people, for example, is an example how sustainable business conduct would also generate revenue as a possible new business opportunity.

DIR 2 explained the responsibility of the corporation:

I think as an employer we are responsible, as corporate citizens we are responsible in front of our society. ... We are responsible in the business we are conducting every day, in this banking business; we have to realize our responsibility.

DIR 3 defined the scope of the sustainability policies:

... sustainability policies, they are to [...] refine the corporation's understanding of sustainability which works internally so for all staff, for senior management but also externally so that the stakeholders can perceive what is the company's understanding of sustainability, and beyond understanding what is their commitment to what they want to do, the kind of way of production processes they have, the way of dealing with stakeholders ...

The view of DIR 4 on CSR:

For me it is an important policy [CSR] and an important framework under which to... which guides how to do business at different levels, and that ensures that your company or your operations and your products are not going to have a negative impact

on your customers or your clients. ... not just our social but also our environmental and our responsible behaviour in banking, and that is adherence to laws, regulations, ethical behaviour, and codes of conduct.

These statements suggest the directors' understanding that business and society are intertwined and the managers have to consider the interests of all stakeholders and not only the shareholders'. The directors pointed several times to the 'problem of managerial mindset', which needed to change. This refers to the necessary paradigmatic change at the management level, which has already been discussed.

This discussion suggests that the managers who have sustainability at the core of their activities show a comprehensive and profound understanding of TBL-based CSR gained from their daily experience on the ground. The directors also pointed to the gap between their positions and those of the senior management, who are considered as only business-focused and short-term driven. In addition, they also highlighted that CSR could only be implemented successfully and comprehensively if the IFC management perceived it comprehensively and holistically, accepted it as non-contradictory to business profit, and provided the right framework and capacities to integrate it into the corporation. These statements suggest an increasing internal dialogue within the organization between those directors with a comprehensive CSR perception and the business-only oriented part of the organization, especially the senior management.

5.3.6 Dimension: Business-centric View

This dimension contains three 2nd order themes. The descriptions are extracted from the codes and interview statements:

- a) *Business is key*: the core business is in central focus and all the other activities are evaluated of being beneficial to the core business or not. Even in the microfinancing business in the poor regions in the developing countries, the loan agents have the focus on the profit and tend to push out small loans as many as possible without proper assessment of the individual financial situation of the loan-takers. The core business departments view the CSR activity and in particular, the CSR-related risk management process in a way that these activities are complicating the business.
- b) *Costs and priority*: the CSR activities have lower priority compared to other business-related activities. The costs of CSR activities are at the first place when planning.

And c) *Reputation*: Public reputation is seen as an important aspect in the decision-making process of financial transactions. When evaluating a financial transaction, during the risk

management process CSR aspects are evaluated as well. A group in one of the CSR departments is assigned to assess the CSR-related risks associated to a client and report this back to the risk assessment board. However, the results of this evaluation are not binding. In case of a negative outcome, the CSR team can only recommend to reject the transaction. It cannot block it.

The attribute of this dimension is that the IFC considers a CSR through the lenses of these 2nd order themes.

One of the initial questions at the beginning of the interview was why the corporation does not have a single CSR department with a holistic approach and a unified vision and mission providing an overarching consistent definition of sustainability with a clear strategy for other subject-specific departments. The responses uniquely revealed that CSR does not belong to the core focus areas in the business conduct. Every department and group has a subject-specific scope. Their activities sometimes create overlaps to each other and need proper coordination and clearer definition of the roles and responsibilities.

When the directors explained that the profit maximization was the key driver at IFC, I contrasted this to the CSR long-term targets even within the current scope of their departments and the *Corporate Responsibility* documents available on the public website, posing the question how all this fit together,

DIR 3: I mean, that is clear for us and our reputation internally is also so, that the people we deal with, let say 95% say, yeah, these guys are business-minded. You know they are not environmentalists. But, we have to consider that.

DIR 1: I think as long as this is not the DNA of a company to behave responsibly ... the policy is one thing, I think the way from having a policy to a culture is a real challenging way. And, this is for me the only concern how we behave ourselves in the core business.

DIR 2 points, in addition, to the CSR having a lower priority in senior management's view. When asked why there is no overall CSR department:

If I knew this! I believe this is something that I have addressed very often. One year ago, we were very close at it, that we had said one manager would take the entire subject. But, he left the bank and the item was left aside. And, I believe this is a sign from management for me that this item doesn't have a high priority. It is not a part of

the strategy. It is in parallel to the main strategy but not part of it. This is for me the sign of it. But, it is unfortunately the case.

DIR 2 phrased it precisely: the CSR is in parallel to the main strategy but not a part of it. Integrating CSR into the main strategy of management would necessitate a paradigm change. So at IFC, although according to the directors the corporation shows good performance in some specific CSR-related areas, but these areas are peripheral to the core business. The senior management's view on CSR items is suggested to be business-centric. Subsequently, the interviewees' departments can make recommendations to the business departments, e.g. to reject a financial transaction to a particular client, but they cannot block it. This shows the statements assigned to the 2nd order theme *Reputation*. Either the calculated business risks or a reputation risk could lead to the rejection of a loan transaction, but not the CSR premise.

When asked about the business risk management process, DIR 3 who knew the process explained that there was a committee consisting of the functional units, CSR, and IFC senior managers:

We are of a few teams that have sustainability at the core of their mandate. All the other functional units they have as their mandate to do business, think of the investment bankers, which we interact. But, they have to do business within the framework of the regulations and of the procedures the bank has, which include also sustainability and assessing sustainability risks. So obviously, when we interact with them we make their life a bit more complicated because we will ask them questions. They have to come to us in the first place and inform us about the transaction they want to do, who the client is, we are talking about corporate clients now or companies. We assess the performance of the client in terms of environmental and social impacts, the reputation and on that base we go back to them with questions and they have to go back to the client to get responses to these questions. So it is not smooth for them. Just to do the deal and not look left or right.

Me: So you are part of the approval process.

DIR 3: Yes, we are.

Me: and they have to go through it?

DIR 3: Yes.

Me: Can you block a transaction or how is it?

DIR 3: Well, we can make a recommendation to block it. We do not decide about approving or rejecting transactions ... We had other examples where the bank following our risk approval process decided not to participate in a transaction or in an IPO, for example, and where other banks have done so. And, we have seen that these banks have been heavily criticized for doing so.

Even if senior management has given green light for sustainability activities and even if this is subject-specific, selective, and peripheral to the core business, the mind-set in the client-facing ground is single-dimensional and only for profit-maximization. DIR 3 mentioned a few references where the business units followed the recommendation of the CSR team not to approve a transaction but another bank approved the transaction to the same client. It came to the attention of the media and regulatory bodies and the reputation of the other bank was damaged. My interpretation is that the public reputation is a powerful instrument to prevent IFC in approving financial transaction to clients involved in socially and environmentally irresponsible business conduct.

Microfinancing was another area that was discussed within the scope of the dimension *Business-centric view*. DIR 4 mentioned that the mind-set of microfinancing agents is narrowed to business only, focused on profit maximization, and bonus-driven:

... you have situations where, especially as microfinance went from being more of a non-profit kind of activity to a more commercial activity, you want... the microfinance institutions want to have a large portfolio outstanding and get as many loans out there as possible.

According to the sustainability report and other internal documents, IFC maintains the microfinance activities in various countries in Latin America, Africa and Asia. It has built partnerships with various NGOs, such as Opportunity International, FINCA International, Accion, PlaNet Finance, Women's World Banking, and etcetera. This suggests that the dominant view in microfinancing in the customer-facing field is profit-focused.

DIR 4 also mentioned that many clients of micro-financing initiatives live in poor countries and cannot even read or write but this did not prevent some credit agents from selling as many as possible of those credits without considering the individual situation of the clients:

[They]... don't really understand how much they can afford to borrow and if the loan officer doesn't have a responsible behaviour towards this, then people will keep pushing loans on people and then the client will say, "I take this loan to pay back that

loan and then I'll take another loan to pay back this loan", etc. etc. This phenomenon is called over-indebtedness and this had some very negative ramifications on the industry, and then brought back the concept of consumer protection and the need to set up a series of consumer protection principles around educating your clients, fair pricing, not over-lending, making sure that the amount borrowed is the right amount, etc. etc. But, this was also a backlash against overzealous lending where people were thinking, "When we make as many loans out there as possible, it's great".

Contrasting the initial purpose of the micro-financing concept of Muhammad Yunus, who received the Nobel Peace prize award in 2006 for this initiative, with the practice presented above, shows the dimensions of misbehaviour. This is a paradoxical behaviour: on the one hand, IFC has built and supported the micro-financing initiative and on the other, the agents in the field sell it in a profit-minded way.

This is another evidence that there is no unique definition and subsequently, no unique understanding for CSR in the organization. When the holistic view to CSR is missing, even the good performance of IFC in certain selected CSR activities does not prevent the misbehaviour in another CSR field.

DIR 1 felt that the ideal case the CSR should be a hard criterion for the business and obligatory to follow for the business conduct:

'In my opinion, sustainability has to be a hard criterion, not "nice to have" but really fundamental. There are certainly international standards, which one tries to achieve. But, in my opinion, it would be better to have internal strong policies in every corporation. ... But probably there the economic criteria [that] contradict sustainability criteria – maybe.'

The statements above reveal that business aspects are the key and the hard criteria for decisions and not the concerns voiced by the CSR groups. On the other hand, the IFC is a member of Global Reporting Initiative (GRI) and United Nations Global Compact and it reports to those international bodies on CSR. However, this practice suggests CSR reporting to be an important stakeholder in service-for-good reputation and a part of marketing strategy.

As discussed, CSR activities are considered as additional costs but necessary for reputation purposes. Therefore, those activities are not related to and not touching the core business. The directors confirmed this interpretation. DIR 4 described the activity of a department called Sustainability Affairs (not the director's own department) in this way:

It's called sustainability affairs – but it is really in charge of the environmental and social risk of the bank, right, when it comes to the bank's transactions.

A department with the name Sustainability Affairs has the only task to ensure good public reputation. Thus, it suggests in other words, if a client has a bad reputation in the public's opinion because it is involved in, e.g., de-forestation projects in Indonesia, the company's management would probably not approve a transaction for this client because it would damage the reputation of the bank in the public view. In the particular case of Indonesia, the client was involved in a de-forestation project. IFC had approved a financial transaction and this damaged not only the public reputation and the attraction of the media but also caused protests of some of the shareholders in the yearly shareholder summit and a long discussion within the employees of IFC that I had observed after months.

Here is an interesting statement that IFC would consider public opinion seriously. In other words, its sensitivity to a high awareness of public opinion on sustainability aspects would lead a business organization like IFC to act in a sustainable way and to seek at least proactive compliance with regulations. However, the dependency is still on public opinion. It also implies that the organization would not consider CSR if it perceives that the public opinion is currently not attracted. This has to my interpretation a critical aspect: in societies where the public opinion is not attracted to sustainability agenda or the governmental agencies are weak or corrupt, or the NGOs are weak or not existing, there would not be any factor preventing a business organization to get involved in socially and environmentally irresponsible activities.

Another indication showing the unstable position of the CSR departments is their budget situation. Depending on a particular individual in the senior management, the priorities for sustainability activities in the budget planning might change. DIR 1 observed with focus on their available budget:

If we [suddenly] have another manager – maybe this manager has another favourite item. If we make people sensitive, bring the subject closer to them, then one could say – one could really hope to make progress, even with a replacement manager.

It is a dilemma that departments with a mandate on aspects of sustainability cannot even create sustainable practice for themselves. This reveals that CSR activities are perceived as additional costs for the organization by the senior management, led by shareholder value concept and functionalism. Possible progresses are dependent on the goodwill of assigned managers and the budget situation.

One interesting observation during the interviews was that all the four directors had a clear view and understanding about TBL-based CSR. My interpretation was that this understanding is resulted more from their practice on the ground and the daily challenges rather than from theoretical knowledge. From this way of looking at the subjects, they identified a gap between their viewpoint and the viewpoint of IFC's senior management.

5.3.7 Dimension: Education

When the discussions focused on the managerial aspects, the necessity for a paradigmatic change at the senior management level and the likes, the role of academic and professional management education came into the scope of discussion, which was not planned initially in my interview design. This dimension emerged from the interview data. It contains two 2nd order themes of

a) *Technocratic education*: It refers to the scope of the academic and professional management education and characterises them as being technocratic, narrow-viewed, business- minded, and ignoring CSR.

and b) *Learning process*: This 2nd order theme points to the codes showing that learning processes in gathering experience, combining personal and social interests during the professional work, and continual education are of key importance.

One of the aspects addressed by the directors during the interviews without being asked was the formal education in business schools. It was pointed out that certain issues in the business world would be rooted in the formal education at the business schools and universities. The link between the economic crises, the dominant management paradigm, and the role of educational institutions was discussed.

DIR 4 pointed out a few times the paradigmatic differences between the United States and Europe. This person knows both regions academically and professionally very well due to own personal background. After the discussion went on toward the crises around Millennium, I started a deeper discussion on this to understand the perception of my interview partner on the educational aspects:

Me: I was thinking about the Enron or Lehman Brothers ... The managers all came from prestigious universities ...

DIR 4 interrupting me:

Yes, I know there were some articles about the role that Harvard has to play in all of this. Because, if you look at the financial crisis then the guys who were leading all the

banks at the time in New York, a large group of them were all Harvard business school alumni and there was this question.'

Me: Do you have an answer for this question?

DIR 4: What role they have to play? I think they have an important role to play. ... and I do think that maybe it is less the case now, but a decade ago, I think you had a big difference between the US approach compared to the European approach. And of course, that crop of managers when it came to the financial crisis [had an] older US approach to things.

Doubts could be expressed as to whether a paradigmatic discrepancy could be made out only of geographical locations, but DIR 4 was aware of the existence of this discrepancy in the discussion.

Me: Can you explore more on this?

DIR 4: I went to business school in London and it was interesting to see that my class - when we were split up into study groups - and the guy that was from the US who had been the most trained in business in the US, who had actually worked with Anderson, you remember, the guy from Enron. He was like: No, the only purpose is shareholder value maximization and that's it. And ironically, he had done the Peace Corps, where you spent two years in a small community doing volunteer work. And this guy had done that. So if somebody who is socially minded and responsible but when it came to corporate saying: No, the goal is shareholder value maximization, that's what you've got to do... And so getting over that, where the Europeans would be: No, you have to think about your employees, you have to think about this and that. And I do think that maybe it's less the case now, but a decade ago, I think you had a big difference between the US-approach compared to the European approach.

DIR 3 discussed another issue in the academic manager education:

I believe that we have either technical education [or] knowledge education in the business schools. I think that is a necessary skill for managing a company for operating in this market successfully. But, it is not sufficient as a skill; just to know how to do things based on your university training is not enough.

In other words, according to this view, management education is suggested to be technocratic, graduates from business schools are mainly subject matter experts lacking skills in social responsibility, their focus is specific and not holistic. The directors suggested continuous

education and additional learning process as necessary in order to be able to face sustainability-related challenges.

Here a deeper look into the education is needed. However, as discussed in this thesis, the dominant management paradigm is considered of being based on functionalism. When looking into the academic education, a paradigmatic change would necessitate an epistemological reconsideration of the academic curricula. Furthermore, considering the requirements of a TBL-based CSR framework and its integration into the business life would necessitate viewing the business organization not only as a functional organization with its specific business purpose, but also as a social organization and as such, considering the interest of all stakeholders.

Subsequently, the existing functionalist view into CSR is not able to respond to these challenges. All the interviewees mentioned also the importance of additional learning and training for employees and management as well as the support of learning processes when dealing with CSR items.

5.4 Summary

The interviews with the IFC directors revealed six dimensions: *Management View*, *Business-centric View*, *Shareholder Value*, *Education*, *TBL View*, and *CSR Awareness*. I identified *Management View* as the central dimension, impacted mainly by *Business-centric View*, *Shareholder Value*, and *Education*. The results suggest the *Shareholder Value* dimension as the ruling driver in management's *business-centric* viewpoint. When a financial transaction needs approval, concerns voiced by the risk assessment group of the sustainability department about reputation risk may or may not be considered. The sustainability department cannot reject a transaction. The only criteria for management to reject a transaction based on the recommendation of the sustainability department would be either the reputation risk or an expected financial damage but no other aspects on their own, such as child labour, exploitation of workforce, deforestation, and etcetera. The latter-mentioned aspects could only be considered if they would lead to reputation risk and subsequently to a financial damage. Here are the public attention and the regulatory bodies of importance.

Thus, these findings suggest the following statement: the higher the public awareness of these aspects in a society, the more sensitive the senior management will be about approving or disapproving a transaction. In this regard, the strength of the civil society and its sensitivity on sustainability items would play a substantial role together with the role of regulatory bodies, governmental agencies, and NGOs. As IFC is a globally acting financial institution, the strength of national bodies of national public opinion is limited. In societies with strong awareness on

sustainability aspects where the public opinion is sensitive on these items, the reputation risk can be a powerful mechanism to impose certain self-regulation to IFC's senior management. In societies where the national government is weak or corrupt and the public opinion is for any reason not attracted to CSR-related items, a question remains open what mechanism would prevent the senior management from deciding differently. Thus, the power of public attention and the concern for a reputation damage as proper mechanisms is limited.

In the interviews, the *Education* in management training, be the academic or the professional education, was perceived as technocratic, still functionalist, and shareholder value-centric, although a trend for change in the curricula was mentioned by the directors. DIR 4 pointed to own academic education addressing the need for a change in the academic curricula.

As the financial industry is perceived in general as a bastion of shareholder value concept, it was a surprise to me to face open discussions and critical thinking at IFC when it came to global social responsibility of the financial institutions and their role in the recent crises. Even within the IT department, which typically supposed to be distant to the core business, I detected group discussions about the necessity to socially responsible investments when buying stocks or discussions after the shareholder summit criticizing the management approval of a loan transaction to a company that ran a deforestation project in Indonesia.

This surprising openness started right at the beginning, when I officially contacted the public relation department, explained the purpose of the intended study, and requested the permission for a survey, interviews, and to use corporation publications for the study. The PR manager approved my plan immediately by allowing the contact to anyone necessary within IFC: *if people have time and want to respond to your questions, just go ahead, provided you respect the ethical codex*, the response was. After explaining University's ethical rules and approval for this study, and the presentation of the prepared material and documents for the study, the approval was granted.

The interviews with the directors were surprisingly insightful and open-minded. I was able to schedule the interviews quickly and the directors showed high interest in the results. It became clearer why such a high interest was demonstrated. The purpose of the study addressed apparently many of their daily issues when dealing with CSR-related items belonging to their mission. The extracted concepts, themes, and dimensions show that the directors have sound understanding about CSR and TBL, based on their own practice and challenges in the field, although they had not heard of TBL before I explained the concept later in the joint analysis sessions.

The directors also appreciated at the beginning of the interviews my approach to schedule joint analysis sessions to present my analysis and to jointly discuss and reflect upon the results. At the time of the interviews, I did not disclose the existence of the survey and its results.

In the joint discussion and analysis sessions, I presented followings to the directors: a) my own analysis of the interviews, code building and the extracted dimensions as presented in this chapter, b) the content of the survey and its results, and c) my reflection upon these results. The joint discussions and reflections and the collaborative work to create of actionable knowledge are presented in the next chapter 6.

6 Joint Discussions and Creation of Actionable Knowledge

At the beginning of the interviews, when I explained the scope of the study and the purpose of the planned joint discussion and analysis sessions to review the results and to reflect upon them, all the directors appreciated it and confirmed their active participation. DIR 3 specifically said at that time:

We might be able to extract insights for our own work if we can see and discuss the results.

This statement was made before I had explained the research process in detail. It showed the expectations and motivation of the directors to gain additional knowledge for their own work.

I started the joint discussion and analysis sessions after my own analysis of the interviews was complete. In the joint sessions, I presented the results of the interviews in the form of a short introduction to the coding process (which they were all familiar with due to their own academic background), the extracted concepts, themes and dimensions, the results of the survey, and my interpretation of the data. In addition, as all the directors were academics, two of them holding a PhD, I presented some key subjects from the literature in order to generate a common discussion base. One of the directors (DIR 3) knew already the concept of Action Research, which I had not mentioned at all and two others were well informed about Stakeholder Theory. Therefore, there was not much need to introduce the basics of sustainability, CSR, its comprehensiveness, or discuss Shareholder Value. It was a smooth process to present the concept of TBL as a possible framework. Although none of the directors had heard of TBL before, the discussions started based on a broad common understanding and at a deep level ensuring efficient discussions. Every participant contributed and enriched the joint discussions and sense-making process differently based on his/her own knowledge area, education, scope of work, and experience.

This chapter presents the joint discussion and analysis sessions with the IFC directors, the sense-making process and the process of the creation of actionable knowledge and possible actions for change.

6.1 Discussions and reflection of the interviewed directors

Starting with the survey, I presented the scope of the survey, the demographic data of the participants together with the descriptive statistics, and my interpretation and sense-making of the data. The demographic data attracted the interest of the directors because they expected to gain insights from the demographic data to make sense of the survey results. One particular result was the high median values of six and seven of Environmental Consciousness (EC). Therefore, looking

jointly into the demographic data it was helpful to discover that 65% of participants came from five Western European countries (Germany, UK, France, Switzerland, and Sweden), USA, and Canada, suggesting a high awareness and sensitivity on environmental aspects as a part of the individuals' ethical value.

While looking into the survey data and when asked whether they believe that the CSR performance positively influences other performance-related data of the organization, such as operational performance, organizational commitment, job satisfaction, or operational performance, and finally the overall performance of the corporation, the directors all confirmed that they could follow the analysis and sense-making process explaining this influence and the results of the survey. The high median values in the descriptive statistics (between four and seven with a tendency to six) suggested the link between CSR-related performance and other performance indicators. In particular, the value of the individuals' high Environmental Consciousness (EC) and its role in value building and judgments, together with the employees' perception of IFC's Ethical Leadership (EL) shape their perception of perceived CSR (PCSR), Perceived Organizational Support (POS) and subsequently, the impact on the organizational performance of IFC.

However, the directors further confirmed that there was no methodology and no statistics at IFC to measure specifically the performance of the CSR departments, regardless of whether such a performance could be measured within a functionalist set-up at all. In other words, they realized that the CSR-related performance and influence is latent. Within the context of shareholder value and a functionalist management, the link between CSR-related and non CSR-related performance, the latency of CSR performance, and the unawareness by the senior management become important. In other words, the performance of the CSR departments could not be made visible and presented to senior management within the functionalist context.

This finding surprised the directors and they immediately saw its significance and a possible root cause for some of their daily issues and challenges with the senior management. It is in line with the statement made by the directors during the interviews that CSR activities are seen as operational expenditures and often subject to budget cuts.

DIR 1 expressed it:

When I look at the results of this survey, it means that our own results are not directly measurable and thus not visible, although they contribute to the corporation's performance in general. This might mislead the corporation's senior management to underestimate the importance of our work. ... maybe this is one of the reasons why we have difficulties to get commitment and necessary support for certain activities.

DIR 3: But we have influence. For instance, when we do risk assessment and tell them if there are concerns. They see that our evaluation matters.

Me: Yes, but how do they perceive it as a measurable figure? They work with numbers and diagrams. The influence of your work is certainly visible to them ...

DIR 4: How can you present ethical values in numbers? It is not possible. Our work is a mixture of both. We can show if we have prevented the bank from financial damage or if we give green light for a transaction. This is added value and it can be shown in figures and statistics.

Me: Do the senior managers see it in the same way as you see it?

DIR 2: Certainly, we have a benefit. Otherwise, our groups would not exist ... and I believe that the management sees this.

DIR 4: They see it case-by-case. What we are missing is the long-term view, the strategic view. But, this would contradict the shareholder value thing.

Me: Doesn't this relate to the missing overarching CSR definition?

DIR 2: I believe that this all belong together. You remember when ... [a person was named] was there? He had a vision for CSR strategy. But, he left. I believe that with him we had a chance to push for a CSR department and consolidate all these activities.

DIR 4: If a guy is convinced of shareholder value and focused on profit maximization, he would see everything through this lens. Why should he prioritize CSR higher than his own short-term targets? It doesn't work this way. That person would either have to change his mindset to comply with CSR or to see sustainability as something of minor importance or consider it just because of regulatory obligation, do the minimum, support one CSR activity for greenwashing purposes and ignore the others, and the likes ...

DIR 1: This is what I call DNA of a company, which would be necessary in ideal case. Otherwise we do half things, here we do well and can show good performance like in accessibility area, charity, human rights, or child labour. But, elsewhere we do not care at all. All this belong together, I believe.

I followed the discussion and did not bring in my ideas at first. My initial impression from this part of the conversation was that these directors realize that there are gaps and contradictions from a holistic point of view. The good performance in certain areas in CSR does not compensate for the shortcomings if we take a holistic viewpoint. In addition, it became clearer to them why

their performance was not visible to the senior management and the budget issues and discussions around costs are caused because the performance of their departments is not visible to the senior management. DIR 4 had a clearer view about how all these challenges fit together and what the root cause might be, as expressed in the above-cited statement.

In the second part of the discussion, I presented the results of the interviews, the development process of the data structures, the steps from the basic coding and dimension building, and the identified dimensions. The directors confirmed that the essence of their statements is presented in the codes and in the data structures. In addition, I presented my interpretation and sense-making of the data structures.

DIR 4 suggested the visualization of the relationships between the dimensions with the argument:

These categories (Richards, Ethical, Methodological Dimensions of Scientific Research : Recombinant Dna, Ethical, & Methodological Dimensions of Scientific Research : Recombinant Dna) are interlinked. We can show them in a diagram and see how they are related to each other.

DIR 4 drew on paper the six dimensions/categories. DIR 1 suggested having *Management View* as the most important dimension.

Me: Why shall we take it as the most important dimension?

DIR 1: At least for two reasons. One is, because we are all managers and we want to understand the managerial challenges. Second, the change starts at the management level first. If we look at this, I see all other categories are related somehow to the *Management View* category.

DIR 3: I do agree that the management category is central on this diagram. But, changes come in reality from the bottom. In my understanding, these results show that there is pressure from the bottom, from the employees, from the NGOs, from the society for more sustainability. I think ... in reality, it is the management that has to change and not they initiate the change.

DIR 4: Good point. And I would suggest adding another category that presents the public outside of IFC. [Looking at me] You have not considered this in your analysis. It is important to see that all the NGOs, the media, the regulatory, international organizations, and all the institutions that form the public thinking, they play a role, right? Would you agree to add it as a separate category?

DIR 3: Oh yes, we should add it.

Me: Yes, I agree. This was not in my focus. Although I have discussed this for my thesis, I have not considered it in the study. But, why do you think it is important and what influence do you see on the other categories?

DIR 3: Let me bring an example: last year when the management board was criticized because of a loan approval to a client, who was doing de-forestation in Indonesia, this went to the press. They form the public opinion on us, especially if we do wrong things. Then, there are N

DIR 1: And we have the request and pressure from NGOs, environmentalists, regulatory bodies, etc. to be more sustainable.

As the focus of the thesis was on IFC, I had not considered the external stakeholders in my interview design. However, I realized that the directors had developed a more holistic approach in seeing these dimensions in a comprehensive whole and intertwined way. This is in my opinion a qualitative move in their mindset, which at the same time shows that the directors have started to realize the complexity involved in the items under review.

We added a new dimension called *Public View* to the diagram. In this way, the model presented in Figure 6 was jointly developed and discussed. We continued to define the relationships between the dimensions and the direction of the influences.

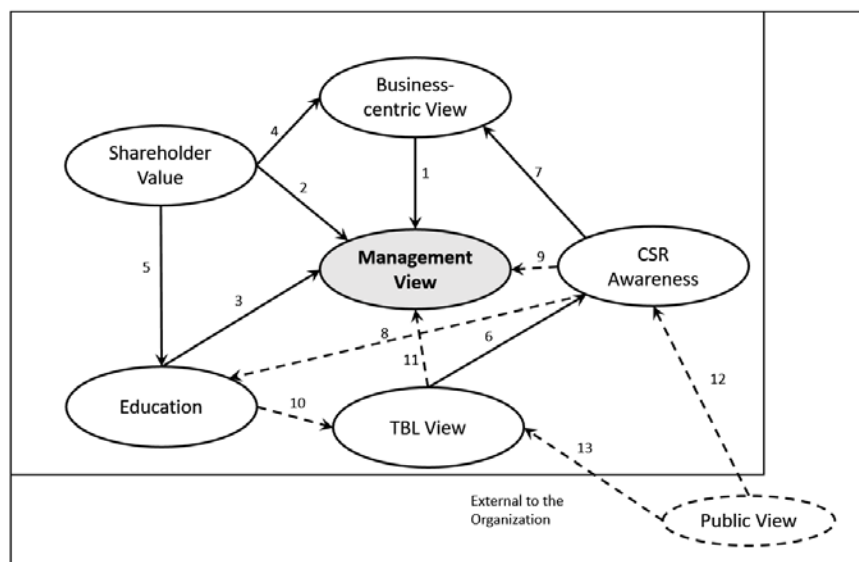


Figure 6.
Interrelationships of the Dimensions

The directors agreed that *Management View* was of central importance, and is being impacted by the *Business-centric View*, *Shareholder Value*, and *Education*. The strong bold

connection lines present direct and binding impact of the source dimension on the targeted dimension, meaning that management decisions are mainly strongly based on these three mentioned dimensions (lines no. 1, 2, and 3).

Regarding the influence of the *Shareholder Value* dimension on *Education* and the influence of *Education* on *Management View*, there was a contentious discussion between DIR 1 and DIR 3 on the one side and DIR 4 on the other. Listening impassively to the discussion, I had the impression that DIR 1 and DIR 3 do not yet see this link because of their own academic education in computer science and economics.

DIR 1: I do understand the influence of *Shareholder Value* to *Management View*, but not on Education. And, if there is an influence, it is not substantial. Why should there be a link there?

DIR 4: I am happy to see this category in the diagram because as I stated in the interview with him [pointing at me], we were discussing about the role of managers in the financial crises and the fact that they came all from the prestigious universities in the US. These guys are not stupid, right? But they failed. Why? Because they were educated and believed in free market and Shareholder Value. They were just focused on profit maximization, cost reduction at any price, but they failed anyway.

DIR 3: I still do not see why *Education* plays such an influence that we bring it on this diagram.

DIR 4: I can bring another viewpoint. Did we all, all the five people here in this room, did we have anything at the university regarding sustainability, CSR and all this stuff?

We all agreed that we had not had any lectures or courses related to CSR or sustainability in our university education. I mentioned that I had had a voluntary lecture of two hours a week in one semester called 'Technology and Ethics' with the focus on the social responsibility of technology.

DIR 4 continued: That's what I am saying. I also agree to call our education technocratic. The issue is that the academic education system is in general narrow-viewed. I studied in the US and in UK and I can say in addition, they are different. In the UK, you have more chance to get a broader academic education than in the US. This is another difference, I guess. At least, this was the case in my MBA education, too, but it is slowly changing now.

In the discussion, we agreed that the dimension *Education* also informs *TBL View* and so does *CSR Awareness* in informing *Education*. This dimension does not only reflect the *Shareholder*

Value into Management View but also presents the role of academia in bringing in the theoretical foundation of sustainability in general, and CSR and TBL in particular, in the form of academic knowledge. In addition, *Education* includes the professional education and training during the job in the form of professional, company-internal training sessions where CSR responsible managers discuss CSR matters with other managers and employees. This process exists within IFC. Even if this impact is weak, DIR 4 proposed a dotted line from *Education* to *TBL View* (line no. 10).

DIR 2 proposed the dotted line from *CSR Awareness* to *Education* (line no. 8):

Continuing what you [DIR 4] said there should be a dotted line from CSR Awareness to Education. ... If there is the request to the universities and business schools to add sustainability into the education.

CSR Awareness and *TBL View* both impact *Management View*, too. Here the directors and their departments are the key actors and change agents when addressing various CSR items, such as the actions specified in these discussion sessions (lines no. 9 and 11). However, all the directors mentioned that their influence could be seen as weak. Therefore, the connections are dotted lines.

The *TBL view* has also a strong impact on *CSR Awareness* (line no. 6) reflected in the information disclosed by the directors. This link was not quite visible to the directors, as they did not know much about TBL as a framework to implement and integrate comprehensive CSR. I explained and summarized the concept of TBL to the directors with the focus on the following: a) TBL has a holistic view into CSR when integrating it into the corporation, b) TBL is based on Stakeholder Theory, considers all internal and external stakeholders, and sees the corporation as a social organization, embedded in the environment without clear demarcation between the corporation and society, and c) TBL does not see profit as antagonistic to the social and environmental aspects. It considers all three pillars of People, Planet, and Profit.

My objective for this part of the conversation was twofold: a) to make the complexity of the subject visible and b) to show why it is necessary to develop and keep a holistic approach when planning specific targets to achieve.

No long explanations were needed to present the TBL concept to the directors because the awareness was visible even if at different levels of knowledge.

DIR 1 reacted: It means that no substantial changes can be expected in a short term.

DIR 4: What my take-away is, I understand that even for specific items within the scope of our job we have to consider it within the general long-term strategy. I mean, we cannot look at these items in an isolated way.

Me: You had addressed in the interviews the missing central CSR department as well as the general definition of the CSR and its scope for IFC. Now, when we look at this diagram, it becomes clear why this department doesn't exist and why it is needed.

The connection from *CSR Awareness* to *Business-centric View* (line no. 7) presents the impact of CSR departments on the core business in the form of non-binding recommendations, mainly in the risk assessment activities within the approval process of transactions. Here they can address reputation risks without having the power to block transactions. While discussing this link I addressed the following question to DIR 3:

Me: You said in the interview that after the risk assessment, you can only make recommendations to the business department and the management, but you do not have the power to block a financial transaction. Now, according to our discussions here, it would be ideal to have the power to block a financial transaction if it is against the CSR policy, right? Do you think it could be achievable?

DIR 3: This would be an ideal situation for us, but not for business-minded people who only think in short-term profit. It needs a paradigm change on their side. Not sure if we can achieve it in the short term.

DIR 4: I think it is achievable even within the current setup. We see that the management reacts on reputation damage. They consider what the public thinks about us. If we make them clear that the public reputation would be at risk if they approve a financial loan for example to a textile fabric in Bangladesh that exploits people for 5 dollars a day, I am sure they would consider it. And step by step they would be convinced to make the CSR approval binding in the approval process. ... And I think such a process would some time lead to a paradigm change.

Dir 2: What happens to the holy cow, shareholder value?

DIR 4: It has to have financial benefits. Otherwise, the business people would not be interested.

Me: We had discussed the diesel scandal of Volkswagen in the interviews. We agree that it was the short-termist and profit-centric mindset that motivated them to develop the manipulation software. But now after the substantial reputation damage, heavy fines, and customers' claims for damage in various countries, it is questionable whether they increased the profit. Other examples are Enron, Lehman Brothers, etc. Even with a single focus on profit, this way is not always profitable. I see in the literature

that I am reviewing that critics are being voiced within the business people and CEOs in the industry. In my opinion, paradigm changes are slow processes and sometimes not visible at the first sight. Paradigmatic changes also change the view into the business and subsequently opens new perspectives for new businesses and innovations. This is what TBL is saying.

Dir 2: I think that business people react on this if they see new business and benefit in thinking in a sustainable way.

The discussion moved on to the *Shareholder Value* dimension. The directors agreed that *Shareholder Value* is an overarching dimension on the core business and has impacts on *Education*, *Business-centric View*, and *Management View* (lines no. 2, 4, and 5).

DIR 2: The lines 2, 4, and 5 go away from Shareholder Value category. My understanding is that in case of a paradigm change towards a sustainable business, we would ideally have replaced Shareholder Value category with TBL View. Then we would have achieved our target.

The position of the *Shareholder Value* dimension reflects the paradigmatic influence of the dominant management paradigm, based on functionalism. I quickly presented the discussions in the literature review to the directors in order to create the awareness of how functionalism and the concept of shareholder value are connected to each other and how they influence the view of the senior management in seeing CSR activities as additional cost and why the senior management supports, in the best case, a selective concept of CSR without impacting the core business.

DIR 3: Are you saying that it is a part of the current management paradigm of IFC that we do not have a centralized CSR department and a unique CSR definition?

Me: Yes, it was one of my initial questions to you in the interviews and now I think they are linked to IFC's management paradigm. They do not see an immediate measurable benefit in CSR activities whereas they can see immediate profit when they sell loans. They compare them in a similar way and therefore, they see your activities as Opex and additional costs.

DIR 4: And the role of *Education* is clear if it is led by *Shareholder Value*.

Shareholder Value also impacts *Education* in the form of its dominance in the management schools and professional management training institutions as discussed in the interviews.

As discussed earlier, DIR 3 and DIR 4 proposed to consider the role of other elements such as public opinion, the media, civil society, and regulatory bodies. In this way, a new dimension

Public View was introduced which was not considered in the analysis of the interviews and not seen during code extraction and the dimension building process. This dimension represents all the stakeholders external to IFC. It is about how the organization is perceived externally, in particular those stakeholders whose view could present reputational risks, such as NGOs, regulatory bodies, and the media. It also includes the opinions of the employees, unions, and shareholders, as members of society reflecting the discussions into the daily business of IFC. This dimension directly informs *CSR Awareness* (line no. 12) and *TBL View* (line no. 13) and through them, it informs other dimensions.

Another phenomenon I observed in the discussion around the *Public View* dimension was that the directors started developing an understanding that went beyond the borders of IFC. By considering the stakeholders outside of the functional borders of IFC, they started to see IFC as a social organization embedded in society and the natural environment, that the functional/organizational borders do not much matter within the concept of CSR. It was surprising that they proposed a new dimension to add, before I could come to this understanding to present IFC-external stakeholders.

In this regard, however, the existence of the vertical and horizontal lines separating the *Public View* from the IFC organization needs discussion. The lines have a limited function in separating the organization-internal dimensions from the *Public View* as external to the IFC, only. Interpreting this line otherwise is problematic. As discussed in the literature review, by considering the business organization as a social organization, there is no clear demarcation between inside and outside of a business organization, contrasted with the functionalist viewpoint. Social organizations are complex entities with their informal networks and all other the attributes of complexity. The business organization is seen as embedded within the society it operates in and the employees are members of that society, too. This was also explained to the directors so as to avoid oversimplification of complex items by distinguishing between the internal and external in this model.

An interesting question was raised by DIR 1 and DIR 3 who asked why the senior management expects CSR performance to be shown in the form of figures and why that performance cannot be made visible in figures and diagrams. I explained the functionalist viewpoint of accepting facts only in the form of quantities and figures, and seeking a deterministic relationship and causality between them. In contrast, items such as justice or subjective ethical values could not be presented in figures. This would explain in short - among other factors - the limited view of the functionalist management perspective in expecting to show the performance only in figures, filtering out other parameters. A change in this attitude would lead to a

paradigmatic change and vice versa. In other words and subsequently, those actions for change that could be identified in these sessions and those to be specified in the future, which touch the core business or address paradigmatic items of the management, needed long-term addressing and convincing work. It would be naïve to expect quick results.

Having agreed that all the dimensions are interrelated in a way that the directors and I had been reflecting upon as represented in Figure 6, we concluded the work on the diagram with two statements: a) the diagram shows that the CSR subject in general, its integration and adoption at IFC are complex items and b) in order to better understand the complexity and take the approach to change the situation, a holistic long-term view is obligatory. The discussions continued at a deeper level on identifying and specifying possible actions for change, which is presented in the next section 6.2.

6.2 Actionable knowledge and actions for change

The reflections of the IFC directors in the joint discussion sessions on the survey results and the interview analysis contributed to the joint development of the diagram of interrelationships between the identified dimensions, presented in Figure 6. This diagram appeared to be a useful visualizing tool and among other findings, the base to continue the discussions on emerging interpretations and actionable knowledge, helping to generate actions for change where possible. This section summarizes the discussions and conclusions together with identified actions for change.

In this context, the directors also realized that a holistic view is a prerequisite for the adoption and integration of CSR into IFC, contrasting the current selective view of CSR. The holistic view is the key for the successful implementation of a TBL-based CSR, no matter which aspect of CSR would be targeted to implement next, which aspect with higher and which with lower priority for implementation than the others. Subsequently, for certain changes a long-term approach would be needed, such as changes in the management paradigm when addressing the need for the creation of a central CSR department or, for instance, the request for more authority to block transactions in the case of CSR-related concerns. It was a substantial finding to realize that paradigmatic changes are long-term processes. The more the discussions progressed the clearer it was to the directors that they are dealing with a complex phenomenon. Therefore, certain processes would not be under the control of the directors or changes, such as paradigmatic changes, could not be expected in the short term. The discussions showed, therefore, a mixture of frustration and optimism at the same time. Frustration, because items became more complex than they first appeared to be at the beginning, and optimism because explanations, and thus solutions, could be

identified for issues that had existed for a long time. The details are presented in the transcribed and discussed dialogues in this section. Discussions and findings are grouped in the items listed below.

a) Senior management's constraints, misconduct, and limited power for changes within the complex global system of profit maximization

An important subject that emerged in the discussion around the dimension *Management View* was the wicked problem of the senior management within the context of the current dominant management and business paradigms. During the interviews, I had asked the question about the financial crises in the recent past and management's misconduct in various corporations. We continued the discussion on this subject in the joint session, focusing on misconduct as an example, and on the degree of flexibility of the senior managers to control processes and behave differently.

Me: To understand the level of complexity, a globally acting financial institution, such as IFC is a chain link of the global value chain of the financial industry. Regardless of whether the senior managers of such an institution are convinced of shareholder value or not, whether they like CSR concept or not, it means that these managers are somehow trapped in this situation. They cannot substantially change without a change of mindset in the entire value chain of the industry. As the stock market expects continuous cost reduction and more profit in every report, it is just a matter of time until misconduct happens. Are these people individually criminals or what happens there in your view?

DIR 1: If there is a misconduct, such as in the LIBOR rate manipulation, these managers who initiated this, are not necessarily criminals. It is the circumstance; it is the system where they are in. I do not think that these people have much freedom to go left or right. They are driven by the stock market, by the expectations of shareholders,

DIR 4: Well, the European courts convicted the involved banks and they paid heavy fines. But, as an individual at the senior management level, sometimes you do not have many options and the point for misconduct or corruption is not far away.

DIR 3: As an individual, you learn in your upbringing not to cheat. You have always the opportunity to make a decision.

Me: Certainly, you learn not to cheat as an individual. In this specific case of LIBOR manipulation, it was a misconduct and individual who did it, could be identified. But, just to bring a more complex example, which is very realistic: what if a company works in a region in the world where it is common practice to pay bribes

and the national government doesn't care much or they are corrupt themselves?

Within a profit maximization viewpoint, there is nothing wrong to pay bribes, too, or step out of that business. At the same time the same company in another region of the world, such as in Europe, would comply with the law and governmental regulations and never pay bribes. The same managers have to decide here.

DIR 3: Here I see two components: first, the regulatory bodies shall implement and enforce standards, nationally as well as internationally, and second, the request should be that companies never pay bribes and never do any misconduct, no matter in which country they are. We at IFC do it in this way. So, it is possible to request it globally and it is not unrealistic to address that.

DIR 2: So it means that by the end of the day, the entire business has to change the mindset and not only the managers of a specific large company. An isolated solution would not work. In fact, the senior managers of a global company are between the fronts.

Me: and changing the mindset in the entire industry is a long-term process.

The directors agreed with DIR 3's statement as a viable and achievable target that regulatory bodies play an important role in creating standards for sustainable business conduct and monitoring their implementation by national and international law. DIR 4 reported about new regulatory activities in Switzerland concerning financial transactions since 2015.

DIR 1 added: We have in many areas those international standards, such as for child labour, Human Rights, discriminations, antitrust laws, and the likes. This is where the request should be to expand the scope of these rules, create new ones, and to empower the monitoring bodies. In addition, the sanctions against misconduct should be much heavier than they are today. In my opinion, they do not much prevent large corporations from misconduct.

At this point, and accepting that the concept of shareholder value is dominating the financial business world, the directors realized that it is unrealistic to expect fundamental and paradigmatic changes in senior management's mindset of a single corporation like IFC, which is heavily embedded in the globalized financial industry. The senior management, and all the actors, are part of the value chains within the complex business world of profit maximization. In such a market, the system of the financial industry constrains its players to rules for delivering results, increasing the profit in a permanent streamlining process of their organizations and reducing costs. Reports, such as the quarterly reports to the stock markets or to the shareholder summits, set the expectations for the next reporting period. DIR 1 introduced into the discussion the matter of the time-limited

assignment contracts of the senior managers with pre-defined financial targets to be achieved and the bonus structure, which would amplify the individualistic and egoistic behaviour of focusing on their own interests, too. In other words, the senior managers are trapped in this situation and constrained by these rules. As such, a short-term paradigmatic change cannot be expected even if the senior managers were convinced of the need to change. They would be in such a case the initiators of small changes and of a slow process of re-orientation towards a more sustainable business conduct.

b) Frustration and optimism

This is an important finding, for the directors to continuously understand the complexity involved in the discussion subjects, but also leading to a certain level of frustration, which I could observe with two of them. I asked them.

Me: At this point, where we realize how complex the subject of sustainable business conduct and the integration of a TBL-based CSR could be, from your current standing and point of view, I would like to know whether you feel frustrated.

DIR 3 made an interesting statement:

Not directly related, but I was just thinking whether a revolution is better or reforms. I believe, frustrated people think of revolution to change things quickly and at short term but they rather destroy than improve. The recent history has shown this to us. I think visionary people think of reforms and see targets in longer terms. Transferring this logic to our discussion, I think we have to work towards long-term targets based on our current position where we are and the possibilities we have. We do not start at zero. I mean, the target is by the end of the day, to convince the management to consider more CSR and evolve to a CSR-oriented business no matter how long it might take. For the short term, we are able to define achievable targets. We know some of our headaches.

DIR 2: We do not want to change the world, but as I see here, we are so powerless. If my team is planning an activity and we do not get the approval for the budget then I have to discuss and discuss and convince the senior management. This is my job. But, when we look into this discussion and this diagram and realize how things are interconnected and how complex it is, I wonder whether we can change anything at all. We cannot change the world of this complexity. The deeper we discuss and the more I think about this, the more pessimistic I become about changing things.

DIR 3: It depends what you want to change. If we set the expectations too high and go for big unrealistic targets, we would be frustrated. A paradigmatic change in management's mindset is unrealistic for the next let's say two years. But, small achievable targets in this direction are realistic to address.

Me: What could be a small achievable target?

DIR 3: For example, we all said a centralized CSR department is necessary to unify CSR definition and mission, to generate synergies, and to coordinate CSR activities. Such a department can also define and propose new CSR activities. This is achievable if we address it properly. You [looking at DIR 2] mentioned the one manager [a person was named] who had ideas in this direction but he left IFC. We might be able to convince the management to create this department. This would be a department, for instance at the board level consolidating all our departments and groups. There are companies out there that have a chief sustainability officer sitting in the board. This is achievable and the discussion at the management level was there. But he left. We can re-activate it. I think we would find more items if we think about our daily business where we could start.

c) Short-term actions for change

With the emerged awareness that CSR integration and adoption into IFC is a complex matter needing a holistic approach and comprehensive consideration, the directors agreed with my interpretation that the current CSR activities are peripheral to the core business. The first indication to me was that CSR departments were located in different branches of the organization. The second observation was that IFC shows, according to statements of DIR 3 in particular and the existing reports and documents, good performance in areas such as philanthropy, corporate citizenship, compliance and cooperation with regulatory authority, United Nations bodies, and NGOs. However, when it comes to decisions in core business areas, such as risk assessment of financial transactions and loans, the CSR departments have no influence except for only making non-binding recommendations for rejection of a transaction. This creates the impression of current CSR activities as greenwashing actions aimed at public opinion. Only those activities that generate a good public reputation and support but do not constrain the core business are implemented at IFC. Within the context of complexity of CSR integration and the necessity of the holistic view, the directors came to clear actions for change: a) starting from the current scope, CSR activities shall be coordinated and seen as unified; this would generate synergies; b) in expanding the current CSR scope, new CSR activities could be defined and proposed for implementation; and c) the request for

creating a central CSR department should be re-activated and followed up with the senior management.

The creation of a centralized CSR department, ideally at board level, would create the right platform for consolidating all existing activities and to define and specify new activities in order to step-by-step address the requirements for sustainable business conduct. It should provide, initially, a comprehensive CSR definition, vision and mission. Furthermore, through proper reporting, this department could make CSR performance visible to the senior management so that the CSR activities would not be seen as additional costs but as a benefit to IFC, and by aligning the core business with CSR, in the long term, new business opportunities could be generated.

DIR 3 made a proposal:

The new CEO is member of a NGO, which belongs to the United Nations. I plan to approach him on this, trying to get his buy-in for a centralized CSR department. This would also help us to increase our influence and get more involved in business decision-making processes not only from today's reputation risk perspective but from the viewpoint of a sustainable business perspective.

Continuing the current selected CSR activities within the selective CSR view of IFC does not prevent the work on the planning of a holistic CSR strategy, vision and mission.

DIR 3: It is not a contradiction. Even if we manage to agree upon a standard definition and create one vision and mission of CSR, we could continue with specific focus on certain activities that we are already running. Just to be clear about it, it would not even cause additional costs, it maybe creates even some cost savings in form of synergies if CSR activities are consolidated and coordinated within one central department.

Moving away from this subject and reflecting on their own daily activities, all the directors recognised that technocrats in the organization are subject matter-focused experts and they do not apply a holistic view of the complex subject of CSR. DIR 4 brought up the example of the misconduct in the microfinancing business, which was mentioned in the interviews. The misbehaviour of the loan agents in the microfinancing unit in selling as many loans as possible to the customers without responsibly checking their financial situation is a good example to illustrate, if made visible, how much worse this is when considering how many of the customers in this market segment are illiterate and in very poor countries. An awareness and sensitivity of CSR and

the holistic understanding of the microfinancing initiative, together with proper regulations would have prevented the agents from behaving in an only profit-minded way.

DIR 4: The business people are those with a silo view and focused on the short-term business target. But, we saw in the shareholder summit last year that a few shareholders, even as a small minority, start to re-think and re-consider their strategy. And within IFC, we see the discussions on the intranet. All this give hope to us to position CSR and address the related items and shortcomings in our business.

d) How to make CSR performance visible to the short-termist management mindset?

In the interviews and the joint discussions, it was discussed that senior management's mindset was short-termist and based on shareholder value, contrasting with long-term CSR targets. Although this statement is general and had been stated before its link to the existing challenges emerged during the discussions. We discussed that it is the short-termist, functionalist attitude of the management that prevents the visibility and the better understanding of the performance of the sustainability departments. It is the managerial mindset of expecting performance in the form of figures and diagrams which is one reason, among others, why the values involved in CSR activities cannot be presented. Values present qualities and cannot be expressed in quantities but they affect other performance figures. The directors mentioned that the current reporting structure within IFC was oriented towards reporting requirements for the public and for the stock market. A possible action to change would be to start the communication with the senior management, explaining the latency of the CSR performance and that the targets would need long term to be achieved and made visible.

Realizing the difficulty and challenges of presenting qualitative results to functionalist managers, was in my opinion an important finding to the directors.

6.3 Final discussion of the research question and conclusion

The thesis addressed the complex field of sustainability, its adoption, and absorption within a possible framework of a TBL-based CSR at IFC. Reviewing the extensive literature in the fields of sustainability, TBL and CSR theories, shareholder value, stakeholder management theory, and the paradigmatic managerial discourse provided the necessary theoretical foundation at the boundaries of recent existing knowledge to deal with the research question.

The survey and the interviews with the IFC directors informed the joint analysis sessions with the directors and myself to reflect jointly upon the results, to capture additional emerging

insights, to create actionable knowledge, and finally, to identify possible actions for changes that the managers could undertake within their work environment and spheres of influence.

The reflections of the directors upon the results created a knowledge network and the awareness of how the discussed specific items, such as latent CSR performance, selective view into CSR, lack of a common IFC-specific CSR definition and a centralized CSR department are interrelated, and how they are connected to the functionalist ruling management paradigm at IFC. Some of the specific items were known to the directors previously, such as missing a CSR definition or the necessity of a centralized CSR department. However, how these items were interrelated in pointing to the paradigmatic management viewpoints was a valuable insight connecting these items together. Furthermore, the latency and invisibility of the performance of their departments explained, as another gained insight, why their activities are seen as operational expenditures and not as a contribution to the business success of IFC within the context of a functionalist management paradigm.

Furthermore, and subsequently, the created knowledge also reveals the complexity of the issues to the directors and the fact that short-term results for the paradigmatic aspects cannot be expected, although specific actions are identified that could be undertaken. For instance, the creation of a centralized CSR department is viable, achievable, and could realistically be suggested and requested. This does not necessarily touch the management paradigm and therefore it is achievable in the short or mid-term. Within the existing management paradigm and today's framework, it is possible to relate CSR activities, coordinated best by a central CSR department, to the corporation's public reputation and its positive or negative impact on financial performance. However, this awareness needs to be created at the senior management level by the CSR directors.

Another identified action regarding latent CSR performance needs discussions with senior management and other stakeholders to show that CSR performance impacts IFC's performance positively and it is reflected in other performance indicators. We (the directors and I) remained unsure of how, and by taking which actions, the performance of the CSR departments could be best communicated and presented to the senior management. We did not come to specific answers for this question, except to increase the communication and reports to the senior management.

In contrast to these short-term actions, requesting more authority for the CSR department in the approval process of financial transactions and granting them the power to block certain transactions would touch the core business of IFC and it be tangent or even contra to the ruling management paradigm as well. Thus, this target would be more challenging to achieve. However, a number of large corporations have not only centralized CSR departments but have also made

progress in considering and implementing TBL-based CSR in their strategic activities (Dhiman, 2008), or, as the large CEO survey of UN Global Compact and Accenture in 2010 showed, sustainability is the ‘top of the mind’ of CEOs worldwide (Lacy et al., 2010). There are supporting arguments for this action in the academic literature as well as in the practice of the business world. However, in parallel with this emerging trend, some corporations tend to use CSR activities as marketing tools and greenwashing, such as in the GE case, discussed in the literature review. This shows the dilemma for the senior management. They are trapped in a conflict between the interests of all stakeholders voiced through CSR representatives inside and outside of the corporation and the interests of shareholders voiced through the business managers and senior management, who have to achieve their contractually agreed business targets in a pre-defined period. In addition, the individual bonus structure tightly binds the senior managers to their given targets to achieve.

Certainly, the shortfalls in their daily practice were visible to the IFC directors before the interviews and the joint analysis sessions. By creating the knowledge network and showing how the issues and items are interrelated and connected with each other, it became clear to them that they are dealing with a multi-faceted complex subject. They would need, therefore, to develop a holistic viewpoint with long-term targets. Short-term activities should be aligned with the long-term targets within that holistic view.

The discussions also revealed the common existing shortfalls with respect to CSR as well as the necessity to address the lack of a centralized CSR definition and strategy. Furthermore, they recognised during the analysis process that the functionalist management paradigm is the root cause of these shortfalls and a change would be necessary. More importantly, the directors recognised that paradigmatic changes are long-term initiatives. Furthermore, it became clearer that even if the senior management decided to change, they would not have the freedom and flexibility to change the management paradigm of their corporation, IFC, because they are embedded in the complex financial business industry, dominated by the short-termist, shareholder value-oriented and profit-maximizing environment and constrained by its rules. This suggests that such a change would only be possible if a trend toward more sustainable business conduct emerges in the entire industry. Finally, the study revealed to the directors as well as to me, how deep the issues are rooted and interrelated, and how difficult the road would be to convince the senior management to initiate a paradigmatic change. This degree of complexity was not yet visible to me when I started the study at IFC. It showed to me the complexity of a CSR integration and adoption into IFC from multiple perspectives and its paradigmatic context.

The thesis ends with ambiguity and with a certain level of uncertainty. This is particularly the case if we consider the tensions between the requirements of a TBL-based CSR policy and the

requirements of the profit-maximization and shareholder-value paradigm constraining the senior management, between the long-term initiative and the holistic approach of CSR on the one side and the short-termist, business results-oriented functionalist management on the other. There is no clear path identified and there is no knead answer to this question. Nonetheless, a trend towards more sustainable business conduct is visible in the financial industry and so the request for more sustainable business conduct could be addressed to the senior management to follow and support this trend, an action identified by the IFC directors as a viable action.

The thesis dealt with the integration and adoption of CSR at IFC, an international corporation in the financial industry. It elucidated the current practice of CSR within IFC classifying it as a selective view into CSR that does not touch the core business. It further discussed the position of the IFC senior management in following the functionalist dominant management paradigm of pursuing a traditional, neo-liberal way of business conduct. The thesis presented TBL-based CSR implementation and integration into IFC as a possible framework to introduce a strategic and fundamental change in the business conduct. Such a change necessitates a paradigmatic change in the management and subsequently, a change in the business strategy.

Following this path of thought opens up a new perspective for the business world. A new paradigm in the business world, which is based on TBL-based CSR, could challenge the current traditional, neo-liberal paradigm in the business world, which is, even within the neo-liberal concept, still based on the theoretical fundamentals from the nineteenth century. In other words, such a CSR paradigm could present a mitigation of the current traditional, neo-liberal business paradigm. Furthermore, it may be an alternative to it.

7 Conclusions and Personal Reflection

The study in this thesis showed the complex situation at IFC and the challenges the interviewed IFC directors are facing with the senior management when dealing with the CSR requirements for a socially sustainable business conduct. The analysis of the survey data surfaced a contradictory and conflicting situation: the employees showed a high awareness of CSR-related matters and in particular, on environmental consciousness while the senior management does not show proper interest and awareness. This individual awareness of the employees has an influence on various performance indicators in IFC as the survey results showed. On the other hand, the study also showed that the performance and impact of CSR activities is latent and hidden in other indicators. In addition, and in contrast to the expectations of the functionalist paradigm and from a qualitative approach to analysis, the CSR influence on business life cannot be measured and made visible in a quantitative way. This suggests a possible explanation of why the CSR directors have difficulty in promoting the CSR activities to the IFC senior management. It is a dilemma for the CSR directors.

Although the directors have identified actions for change, they have realized that a paradigmatic change at the management level is necessary to integrate CSR into the business life of IFC. They further realized the complexity involved in the challenges they are facing in their daily interactions with the senior management because the issues are of paradigmatic nature. Subsequently, they came to the conclusion that short-term substantial paradigmatic changes could not be expected but still there are achievable targets in the short and mid-term. Examples could be starting the dialogue with the senior management about the latency of CSR performance and its existing positive impact on other performance indicators, or addressing the need for a centralized CSR department with a comprehensive CSR definition and strategy. Another example could be offering a CSR education to all employees in order to create the right mindset and focus on CSR. As the directors started to develop a holistic understanding of CSR and because it was they who added an additional dimension Public View to the model of interrelationships of the dimensions (Figure 6), they now have a better view and better understanding of CSR activities at IFC. They could initiate changes within their management power in a long-term process of CSR adoption and integration.

At the same time, IFC's senior management is 'trapped' between the requirements of sustainability and a socially responsible business conduct on the one side and the short-termist requirements of the shareholder value paradigm and its sole focus on profit maximization on the other. This presents another dilemma for IFC's senior management. In such a situation and by

considering the aspect of power, a change could be initiated in an inductive way by small steps and within a long-term process. To do this in a sustainable way necessitates the initiation of a change process in the entire financial industry beyond the borders of a single corporation.

Society is complex and so are social organizations, including corporations. The implementation and integration of TBL-based CSR in a corporation is a long-term process and necessitates a paradigmatic change of management.

Another important aspect is the role of power of the regulatory bodies, for instance, the regulating role of national governments and international bodies. This is of high importance as they could create common standards valid for all corporations and as a base for fair competition. In this regard, the more that globalisation is progressing the role of international regulatory bodies becomes of more importance over the national regulatory institutions. As the IFC directors discussed, a sole corporation cannot sustain it if it complies globally, for instance, with anti-corruption requirements but in a national state bribery is common practice. This presents a dilemma for the globally acting corporations rejecting bribery practice anywhere. International bodies and national governments could legislate rules for sustainable business conduct.

The journey of my Liverpool DBA studies at the University of Liverpool presents a remarkable period in my academic as well as in my professional life. Having started in 2011 with the expectation of acquiring recent academic knowledge and combining it with my professional experience, I still had a technocratic view in defining my expectations. Moreover, coming from an academic discipline of engineering, I started with a positivist viewpoint and an understanding of the social phenomena without being aware of the existence of the positivist view to the society as one of many viewpoints and the issues associated with it.

However, the progress of the DBA study quickly and substantially affected my way of thinking and subsequently, it led to a paradigmatic change of how to look into social phenomena. This change process started at the philosophical foundation laid by the related modules in how to view complex social phenomena, changing my viewpoint fundamentally.

This paradigmatic change continued during the thesis phase. The thesis project, in particular, gave me the opportunity to further develop myself to become an insider researcher dealing with existing complex issues within a large international finance corporation, by applying the viewpoints, skills, and methods learned during the DBA study. I had the chance to further develop my skills as a scholar-practitioner by being engaged with high-skill IFC managers and dealing with the existing and real complex matter of sustainability within IFC.

While the initial design of the research was intended to be a mixed-methods approach, based on quantitative and qualitative enquiries, the viewpoint and the focus was still dominated by a quantitative viewpoint and way of thinking. This led to a series of contradictions in the research process forcing me to abandon certain steps in the research design and start again. Within this process, and with the progress in dealing with the complex subject of TBL-based CSR, my viewpoint changed substantially, too. This was not only because I applied the concepts of action learning and action research and was also deeply engaged in my research subject, but also it was because I was dealing with the complex situation in which IFC's senior management was and their related dilemma of being trapped between CSR agenda and shareholder value, as discussed previously. I was able to refer to my own professional experience of thinking and working in the same functionalist mode in the past. I realized that the IFC directors had similar experience and progressed from their own perspective when dealing and discussing jointly the results of the research. This was apparent every time new insights emerged in the discussions. The emerging frustration the IFC directors felt and voiced, could be partly compensated by connecting the isolated knowledge and experience in the form of a knowledge network. This opened new perspective and possibilities of how to look into the existing CSR-related matters and challenges in their daily work.

In my opinion, sustainability in the context of Triple Bottom Line (TBL) theory is not an additional buzzword. It is going to impact not only the business organizations in their way of how to conduct the business but also other aspects of social life, the power relations of social organizations, the political systems and national states, the NGOs, the civil society, and so on. Sustainability in the TBL context is, in my opinion, on the continuum of the long journey of humanity for more social justice, balance with the environment on the planet, and for prosperity in a general sense. This is for me the very motivation to continue on this path, working as a scholar-practitioner and engage with the CSR agenda with all knowledge, skills, and experience gained and achieved within the Liverpool DBA studies and throughout this thesis project.

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Appendix: The Questionnaires

I. Ethical Leadership (EL)

In answering the following questions, please focus on your personal values and daily activities and indicate the extent of your agreement or disagreement in each of the following statements.

Variable	Short Label	Description: My supervisor ...	Strongly Disagree	Strongly Agree
EL39	Listen to employees	Listens to what employees have to say.	1 2 3 4 5 6 7	
EL40	Discipline in ethical violation	Disciplines employees who violate ethical standards.	1 2 3 4 5 6 7	
EL41	Life in ethical manner	Conducts his/her personal life in an ethical manner.	1 2 3 4 5 6 7	
EL42	Interest of Employees in mind	Has the best interests of employees in mind.	1 2 3 4 5 6 7	
EL43	Fair and balanced decision	Makes fair and balanced decisions.	1 2 3 4 5 6 7	
EL44	Can be trusted	Can be trusted.	1 2 3 4 5 6 7	
EL45	Discussions on business ethics	Discusses business ethics or values with employees.	1 2 3 4 5 6 7	
EL46	Sets examples in ethics	Sets an example of how to do things the right way in terms of ethics.	1 2 3 4 5 6 7	
EL47	Define success not only by results	Defines success not just by results but also the way they are obtained.	1 2 3 4 5 6 7	
EL48	Ask about right things to do	When making decisions, asks "What is the right thing to do?"	1 2 3 4 5 6 7	

(Taylor & Pattie, 2014)

II. Perceived Corporate Social Responsibility (PCSR)

In answering the following questions, please focus on your daily activities and indicate the extent of your agreement or disagreement in each of the following statements.

Variable	Short Label	Description	Strongly Disagree	Strongly Agree
PCSR34	Top management helping others	Top managers in my organization support common basic values, such as compassion and helping others in need.	1 2 3 4 5 6 7	
PCSR35	Committed to social responsibility	My organization has a strong commitment to a social responsibility beyond the interests of shareholders.	1 2 3 4 5 6 7	
PCSR36	Social responsibility of management	As long as corporations generate acceptable shareholder returns, managers have a social responsibility beyond the interests of shareholders.	1 2 3 4 5 6 7	
PCSR37	Community service participation	My organization encourages employees to participate in community service projects and activities.	1 2 3 4 5 6 7	
PCSR38	Economic power and social responsibility	The fact that corporations have great economic power in our society means that they have a social responsibility beyond the interests of the shareholders.	1 2 3 4 5 6 7	

(Jin et al., 2012)

III. Environmental Consciousness (EC)

In answering the following questions, please focus on your daily activities and indicate the extent of your agreement or disagreement in each of the following statements.

Variable	Short Label	Description	Strongly disagree	Strongly agree
EC1	Advise to keep environment clean	I always advise others to keep the environment clean.	1 2 3 4 5 6 7	
EC2	Annoyed of contamination	I get annoyed when someone contaminates the environment.	1 2 3 4 5 6 7	
EC3	Respect for preserving environment	I respect all efforts to maintain and preserve the environment.	1 2 3 4 5 6 7	
EC4	Healthy and clean environment	I appreciate living in a healthy and clean environment.	1 2 3 4 5 6 7	
EC5	Respect rule and regulation	I respect rules and regulations to maintain and preserve the environment.	1 2 3 4 5 6 7	
EC6	Rationalize energy consumption	I always admire those who rationalize energy consumption.	1 2 3 4 5 6 7	
EC7	Population explosion	I am aware of the impact of population explosion on the environment.	1 2 3 4 5 6 7	
EC8	Scarce resources	I realize that natural resources are scarce, thus must be used wisely.	1 2 3 4 5 6 7	
EC9	Man and nature harmony	I believe that man and nature have to be in harmony for survival.	1 2 3 4 5 6 7	
EC10	Future generations	I understand that the environment is for us and future generations, thus must be well maintained and preserved.	1 2 3 4 5 6 7	

(Alsmadi, 2007)

IV. Perceived Organizational Support (POS)

In answering the following questions, please focus on your daily activities and indicate the extent of your agreement or disagreement in each of the following statements.

Variable	Short Label	Description	Strongly Disagree	Strongly Agree
POS59	Values the contribution to well-being	My organization values contributions to its well-being.	1 2 3 4 5 6 7	
POS60	Care about employees well-being	My organization really cares about well-being of employees.	1 2 3 4 5 6 7	
POS61	Consider goals and Value of employees	My organization strongly considers goals and values of employees.	1 2 3 4 5 6 7	
POS62	Help employees needing special favour	My organization is willing to help employees if they need a special favour.	1 2 3 4 5 6 7	
POS63	Show concern for Employees	My organization shows concern for employees.	1 2 3 4 5 6 7	
POS64	Take Pride of employees accomplishment	My organization takes pride in accomplishments of employees at work.	1 2 3 4 5 6 7	

(Glavas & Kelley, 2014)

V. Operational Performance (OP)

In answering the following questions, please focus on your daily activities and indicate the extent of your agreement or disagreement in each of the following statements.

Variable	Short Label	Description	Much Worse than Competition			Much Better than Competition			
OP86	Customer satisfaction	Customer satisfaction	1	2	3	4	5	6	7
OP87	Product customization	Product customization	1	2	3	4	5	6	7
OP88	Delivery speed	Delivery speed	1	2	3	4	5	6	7
OP89	Logistics cost	Logistics cost	1	2	3	4	5	6	7
OP90	Delivery dependability	Delivery dependability	1	2	3	4	5	6	7
OP91	Responsiveness	Responsiveness	1	2	3	4	5	6	7
OP92	Order flexibility	Order flexibility	1	2	3	4	5	6	7
OP93	Delivery flexibility	Delivery flexibility	1	2	3	4	5	6	7
OP94	Information systems support	Information systems support	1	2	3	4	5	6	7
OP95	Order fill capacity	Order fill capacity	1	2	3	4	5	6	7
OP96	Advance ship notification	Advance ship notification	1	2	3	4	5	6	7
OP97	Inventory turn	Inventory turn	1	2	3	4	5	6	7
OP98	Return on assets	Return on assets	1	2	3	4	5	6	7

(Inman et al., 2011)

VI. Corporate Financial Performance (CFP)

In answering the following questions, please focus on your daily activities and indicate the extent of your agreement or disagreement in each of the following statements.

Variable	Short Label	Description	Strongly Disagree			Strongly Agree			
CFP49	Users satisfied with financial performance	During the last 5 years, users in my organization have been satisfied with the quality of output from our new financial processes/procedures.	1	2	3	4	5	6	7
CFP50	Financial commitment of professionals	Financial non-management professionals in my organizations are committed to organizational goals.	1	2	3	4	5	6	7
CFP51	Ethical standard influence performance positively	My organization's ethical standards and guidelines influence its profitability positively.	1	2	3	4	5	6	7
CFP52	Users satisfied with quality of IS	During the last 5 years, users in my organization have been satisfied with the quality of output from their new information systems.	1	2	3	4	5	6	7
CFP53	Increasing Profit over last 5 years	My organization's profit has been increasing over the last 5 years.	1	2	3	4	5	6	7
CFP54	Proactive initiatives of financial management	My organization's financial management has proactively taken several strategic initiatives for the last 5 years.	1	2	3	4	5	6	7
CFP55	Implemented IS successfully	During the last 5 years, my organization has successfully implemented information systems development projects.	1	2	3	4	5	6	7
CFP56	Increased market share over last 5 years	The organization's market share has been increasing over the last 5 years.	1	2	3	4	5	6	7
CFP57	Financial contribution to company's profile	My organization's financial management initiatives have contributed to the company profits.	1	2	3	4	5	6	7
CFP58	Implemented financial processes successfully	During the last 5 years, my organization has successfully implemented new financial processes/procedures.	1	2	3	4	5	6	7

(Jin et al., 2012)

VII. Demographics

Please indicate your gender:

Male ☐ Female ☐

Please indicate your age:

Under 30 ☐ 30-40 ☐ 41-50 ☐ Over 50 ☐

Please indicate your nationality: _____

Please indicate your education level:

Elementary school ☐ High-school ☐ Trade/technical/vocational training ☐
Professional degree ☐ Bachelor's degree ☐ Master's degree ☐
Doctorate degree ☐ Post-doctoral degree ☐

Please indicate your job title: _____

Please indicate how long you have been in your present job position:

Less than a year ☐ 1-3 years ☐ 3-5 years ☐
5-10 years ☐ 10-20 years ☐ More than 20 years ☐

Please indicate your annual income level:

Up to US\$ 20.000 ☐ Up to US\$ 40.000 ☐ Up to US\$ 60.000 ☐
Up to US\$ 100.000 ☐ Up to US\$ 150.000 ☐ Up to US\$ 200.000 ☐
Over US\$ 200.000 ☐

Thank you for your contribution in this study!